



Holbrooke In Belgrade To Step Up Kosovo Deal

**U.S. Applying Pressure
On Serbs and Kosovars
Amid Signs of Progress**

By Joseph Fitchett
International Herald Tribune

LONDON — Richard Holbrooke, the U.S. negotiator on conflicts in the Balkans, arrived in Belgrade on Tuesday as the United States stepped up pressure on both the ethnic Albanians and the Serbs to sign a draft plan to achieve peace in embattled Kosovo.

"The Yugoslav position has been tough and uncompromising," Mr. Holbrooke said in Belgrade. "Meanwhile, there's fighting which concerns us greatly in parts of Kosovo."

Mr. Holbrooke stressed that he saw this as a time of great concern.

"We might be on a collision course here between Yugoslavia and the Western authorities, including NATO," he warned. "We come in peace but the threat of greater war is ever present."

Referring to plans for negotiators to gather in Paris and renew the recent inconclusive talks, he said:

"We are six days away from the resumption of the talks in France. We are only a few days away from a tragedy of even greater dimensions than what has occurred already."

"I look forward to talks with President Milosevic tomorrow to convey to him the great seriousness with which the United States government takes the situation, and to convey to him our view of the consequences of the situation if it does not improve dramatically before and during the talks in Paris."

Mr. Holbrooke's mission will be to restore the credibility of the threats by the North Atlantic Treaty Organization to use air raids, if necessary, to achieve Serbian acceptance of the peace terms for Kosovo, according to policymakers.

"The objective is to get a deal now so that the negotiations do not get stalled and risk dragging on for months. We will meet again in Paris next Monday," an official said.

Both President Milosevic and extremists among the ethnic Albanians can expect Western pressure for them to compromise if the new round of talks drags on in open-ended negotiations.

Mr. Holbrooke's diplomacy, backed by air strikes, forced Mr. Milosevic to sign the Dayton accords on Bosnia, ending the long Muslim, Serbian and Croatian civil war.

This time, he will start bargaining without the trump card of unquestioned NATO determination to bomb Serbian military targets if the deadlock persists.

Politically, NATO needs the ethnic Albanians' signature to the peace plan so the West can, if it chooses, single out Mr. Milosevic as the obstacle to peace, a U.S. policymaker said.

That acceptance was reportedly promised tentatively to Washington last weekend by the ethnic Albanians. Hopes that formal approval would soon follow were voiced by officials in London to take part in a NATO conference organized by the Royal United Services Institute.

"We need acceptance from the Kosovars — clear and unconditional — as

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President Scalfaro and President Khatami inspecting a guard of honor in Rome on Tuesday.

RJR Nabisco to Split Up Company

International Cigarettes Unit Sold to Japan Tobacco for \$8 Billion

By Mitchell Martin
International Herald Tribune

NEW YORK — Bowing to investor pressure after years of mediocre returns, RJR Nabisco Holdings Corp. said Tuesday that it planned to divest its tobacco holdings, spinning off its U.S. operations to shareholders and selling its international business to Japan Tobacco Inc. for \$8 billion.

The actions would bring to an end the 14-year amalgamation of two of America's best-known sellers of branded consumer products. The moves also mark the beginning of a new chapter for a

company that has gone through a series of corporate battles, the most famous of which was chronicled in the book and movie "Barbarians at the Gate."

R.J. Reynolds Tobacco Co. bought Nabisco Brands for \$4.9 billion in 1985, part of an expansion into the food industry that began in the 1960s with the purchase of such companies as Del Monte. That brought together Reynolds cigarette names such as Camel and Winston with Nabisco's Oreo and Animal Crackers cookies.

But the stock market never put as high a value on the merged companies as management thought they deserved,

and in 1988 RJR Nabisco's chief executive, Ross Johnson, and other managers tried to take the company private in a leveraged buyout. Their \$17 billion offer was eventually topped by a \$25 billion bid from Kohlberg, Kravis, Roberts & Co. in what was then the largest acquisition in the book and movie that was emblematic of the debt-driven buyout binge of the late 1980s.

In 1991, RJR Nabisco went public again, but its stock languished below \$30 a share, about half the price at which

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Sony, in a Giant Overhaul, Sets Sights on Networking

By Stephanie Strom
New York Times Service

TOKYO — Sony Corp. announced a sweeping corporate overhaul Tuesday aimed at decisively changing the company's identity from a manufacturer of consumer electronics to a provider of digital network services.

The plan will eliminate 10 percent of Sony's work force, or about 17,000

likely traded companies — Sony Music Entertainment Inc., Sony Chemicals Corp. and Sony Precision Technology Inc. — in which it holds majority stakes, and reduce the number of internal group companies from 10 to 3.

Nobuyuki Idei, Sony's president, said these steps would help to restore the company's profitability, which has been battered by the global economic slump. He stressed that a change in focus was also needed.

Mr. Idei said Sony's new focus would be the network business: essentially the business of linking consumers to a variety of services either through their computers or their televisions. "We have to make it possible for Sony's customers to directly link themselves with our products and services and for Sony to distribute its movies, music, games and personal finance tools and services directly to its customers," he said.

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For Australia, Timor Is a Delicate Issue

Postindependence Unrest Could Impose a Difficult Peacekeeping Burden

By Michael Richardson
International Herald Tribune

SYDNEY — As Indonesia and Portugal prepare to resume talks Wednesday on an Indonesian offer of autonomy for East Timor that is likely to be rejected by the Timorese, Australia is trying to ensure that any transition instead to independence is gradual, peaceful and does not poison its sensitive relations with Indonesia.

As the closest neighbor of East Timor, a former Portuguese colony invaded by Indonesian forces in 1975 and annexed in 1976, Australia has key interests at stake in the future of the disputed territory, officials and analysts say.

The Australian government fears that

East Timor could erupt in civil strife if Indonesia pulls out too quickly. The threat of refugees flooding into northern Australia, only 500 kilometers (about 300 miles) away, is putting pressure on Canberra to act as a peacekeeper in a conflict, which might mean pinning substantial numbers of Australian troops at risk overseas for the first time since the Vietnam War, in which Australia was an ally of the United States.

"Australia is facing enormous expectations that it will play the leading role in taking the East Timor issue off Indonesia's hands," the Australian Financial Review said recently. "This

is now that early independence is on

the table, and fears of ethnic and religious tensions and payback killings are ripe in East Timor in the knowledge that the likely outcome will be independence.

Australia has a moral obligation

to eliminate the jobs through attrition and a hiring freeze, and close the 15 plants by the end of March 2003. Sony will also reabsorb three pub-

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could make the issue Canberra's most difficult foreign policy dilemma since the Vietnam War," Richard Woolcott, a former Australian ambassador to Indonesia, said that East Timor would be a fragile state that could require outside aid of 100 million Australian dollars (\$62 million) a year.

Now that early independence is on the table, and fears of ethnic and religious tensions and payback killings are ripe in East Timor in the knowledge that the likely outcome will be independence, Australia has a moral obligation

to investigate and act on allegations that nuclear secrets have leaked to China from Energy Department weapons laboratories.

(Vice President Al Gore on Tuesday blamed China's possible theft of American nuclear secrets on a "previous administration" and said President Bill Clinton had acted to fix an "inherited" problem. Reuters reported from Washington.

(For its part, China on Tuesday again denied reports that it stole U.S. nuclear know-how, denouncing such allegations as unfounded and based on "ulterior motives." The Associated Press reported from Beijing.

[A Foreign Ministry spokesman said such al-

legations demonstrate that "some people" want to hamper improvements in U.S.-China ties and disrupt "the normal export by the U.S. of some high-tech products to China.")

Speaking Tuesday on an NBC News program, Mr. Richardson defended the continued employment of Mr. Lee at the Los Alamos laboratories in New Mexico until Monday, saying that "we needed to keep him on to develop a case."

He added that after two years of FBI investigation of Mr. Lee "we still don't have a law enforcement case." But the investigation, he said,

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Chinese-American Arms Designer Fired in U.S. Spy Investigation

By Walter Pincus
Washington Post Service

WASHINGTON — Moving to contain a national security controversy, the Clinton administration has dismissed a Chinese-American weapons designer who was under suspicion of handing nuclear secrets to China in the late 1980s.

The U.S. energy secretary, Bill Richardson, dismissed the Los Alamos National Laboratory weapons designer, Wen Ho Lee, on Monday after the scientist failed a polygraph test conducted by the Federal Bureau of Investigation last month and

refused to cooperate with a bureau investigation into how the Chinese may have gained information 10 years ago about the W-88 warhead, then the U.S. Navy's newest strategic warhead and now

Dual-use technologies show difficulties of balancing trade and security. Page 4.

carried by the submarine-launched Trident-2 missile.

Mr. Richardson announced the dismissal as complaints arose from key Republicans in Congress that the Clinton administration has been slow

Khatami in Italy To Break Isolation

**His Visit to West Europe Is First
By an Iranian Leader Since '79**

By Alessandra Stanley
New York Times Service

ROME — Seeking to break his country's isolation, President Mohammad Khatami of Iran arrived in Italy on Tuesday for a three-day visit. He is the first Iranian leader to visit Western Europe since the Islamic Revolution toppled the Shah in 1979.

Iran's faltering economy badly needs foreign investment and Mr. Khatami was believed to be seeking to improve his regime's credibility and to obtain trade and loans. The United States, which still views Iran as a state that supports terrorism, has sought to encourage signs of reform, but it has not lifted its trade embargo. Europe has proven far less diligent.

Italy, which has taken the lead among its partners in seeking economic and political reconciliation with Tehran, welcomed Mr. Khatami with tight security and full honors.

Mr. Khatami was greeted at the airport by Foreign Minister Lamberto Dini, who orchestrated the visit. The Iranian leader, a Shiite cleric, was expected to meet Thursday with Pope John Paul II, in a historic audience that the Vatican welcomes as a chance to improve relations between the Roman Catholic Church and Islam.

After meeting President Luigi Scalfaro of Italy, Mr. Khatami said: "As you know, each visit is a means of friendship which is very important to our country. For the Italian government, diplomacy is tightly entwined with economic interests. The visit comes only a week after the Italian energy group ENI and the French oil company Elf-Aquitaine signed a \$1 billion contract to develop the Dorod oil field in Iran, which is expected to raise the field's production of crude oil to 220,000 barrels a day. Washington has repeatedly expressed dismay over that deal.

But Italian officials say they think

their overtures to Mr. Khatami, whom they view as a moderate intent on modernizing Iranian society and loosening the grip of its fundamentalist clergy, are also of benefit to the United States.

Mr. Dini said: "I am not convinced that the United States does not view with favor our initiative toward Iran." Mr. Dini, who accompanied Prime Minister Massimo D'Alema on his visit to the White House last week, said that President Bill Clinton and other U.S. officials had expressed great interest in Italy's effort to support what he described as Mr. Khatami's new course.

He said the United States was not pleased by the recent oil contract, but that he did not expect the U.S. to seek to block it or sanction France or Italy. "They do not like it, but at the same time they are tolerating it," he told Italian radio.

A 1996 law requires the U.S. administration to impose sanctions on companies of foreign countries that invest more than \$20 million in Iran's energy sector. Last May, the United States established a policy whereby it could waive those sanctions in certain cases, and it recently granted a waiver to the French company Total, which signed a \$2 billion deal to develop an Iranian gas field in 1997.

The United States has stressed the proliferation of nuclear weapons and human rights violations in Iran, and the Italian government said Tuesday it would do the same. Mr. Dini said: "Italy, of course, will be very careful to condemn abuses of human rights and democracy in Iran, as well as any sign of acquiring or spreading weapons of mass destruction."

But he added that it was in everyone's interest to support modernization in Iran. "Iran is a big country and its democracy and stability is important to the entire Middle East," he said. "I think that through openness and dialogue there is everything to gain and nothing to lose."

Mr. Khatami, who was elected 21

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AGENDA



BNP Offers to Buy Two French Rivals

PARIS (Reuters) — Banque Nationale de Paris SA has offered to buy Paribas and Societe Generale, which are currently in the process of merging. French market regulators said Tuesday.

The regulator, CMF, said BNP had offered to buy all outstanding shares of both banks. BNP is offering 11 of its shares for every eight Paribas shares and 15 BNP shares for every seven Societe Generale shares, the market regulator said.

Societe Generale and Paribas surprised financial markets in early February by announcing a 15.1 billion euro (\$16.45 billion) combination that would create France's largest bank and fuel the global trend toward fewer but larger, financial institutions.

The Dollar
New York Tuesday 9:4 P.M. previous close
Euro 1.0894 1.0885
Pound 1.619 1.606
Yen 121.015 121.585
DM 1.7964 1.7869
FF 6.0249 6.0265
Dollars per pound and per euro
The Dow Tuesday close percent change
-33.85 9,693.76 -0.35%
S&P 500
-2.88 1,279.87 -0.22%
Nasdaq
-4.58 2,392.94 -0.20%

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The Intermarket Pages 12,20.

The IHT on-line www.iht.com

Blood Trial Acquits Paris Ex-Leader

By Craig R. Whitney
New York Times Service

PARIS — A former French prime minister and a member of his cabinet were acquitted Tuesday of criminal negligence and manslaughter. They had been charged after the deaths of hundreds of people who contracted AIDS in the mid-1980s from transfusions of blood infected with the virus.

A specially convened jury of legislators and professional judges cleared former Prime Minister Laurent Fabius, now speaker of the National Assembly, and Georges Dufaix, who was minister of social affairs in the government he headed from 1984 to 1986, of all charges of criminal responsibility for loss of life caused by negligence in the state-supervised national health system.

Edmond Hervé, who was health minister under Mrs. Dufaix, was convicted of two cases of negligence. The Court of Justice of the Republic ruled that he should have ordered untreated blood supplies destroyed as soon as the risk of their being contaminated with the virus was known.

But the court, convened for the first time in the 40-year history of the Fifth Republic, imposed no sentence on Mr. Hervé. It could have given him up to five years, but it ruled that the protracted scandal had deprived him of the right to presumption of innocence.

Mr. Hervé, 56, said of the court after the verdict: "It didn't have the courage to find me fully innocent, nor did it have the courage to convict me really."

That there had been state negligence

THE AMERICAS

Starr Office Comes Under Attack on Multiple Fronts

By Roberto Suro
Washington Post Service

WASHINGTON — The Justice Department has asserted its power to investigate alleged misconduct by the independent counsel, Kenneth Starr, while President Bill Clinton's former business partner, Susan McDougal, has vowed an "all-out fight" against the alleged excesses of Mr. Starr's office as her latest trial began.

Less than a month after the Senate acquitted Mr. Clinton on perjury and obstruction of justice charges referred by Mr. Starr, the independent counsel finds himself under attack on multiple fronts.

The Justice Department has advised Mr. Starr of its intent to investigate his handling of the Monica Lewinsky matter, and, in papers filed Monday with the court that oversees independent counsels, the department argued the court has no power to block the disciplinary inquiry.

Away From Politics

Ice and snow made driving hazardous and closed schools from the Great Lakes south to Georgia, and canceled flights stranded some air travelers. More than 12 inches (30 centimeters) of snow had fallen on Minnesota and Iowa. (AP)

The last 12 members of a Pakistani cargo ship stranded for nearly a year since its owner went bankrupt were finally being brought ashore Tuesday at Port Isabel, Texas. Captain Maqsood Ahmed and 11 crew members of the Delta Pride were rescued by new owners who plan to sell the ship for scrap. (AP)

• Barbie turned 40 Tuesday and shows no signs of slowing down. In addition to a 40th anniversary doll, Mattel Inc. plans to release a Butterfly Art Barbie, with a butterfly tattoo on her stomach, and Working Woman Barbie, who comes with a play laptop. (AP)

• NASA lost its struggle to save a malfunctioning \$80 million satellite after the errant spacecraft leaked so much coolant that it could not carry out its astronomy mission, officials said. (LAT)

In his own filing, Mr. Starr urged the court not to heed a conservative legal group seeking an order to block the department from investigating him. But Mr. Starr left open the possibility of mounting his own challenge if the Justice Department decides to proceed with an ethics investigation of his conduct.

The department is weighing allegations that Mr. Starr's prosecutors misled top officials when they sought approval to investigate the Lewinsky matter and violated department guidelines when they confronted Ms. Lewinsky without her lawyer last year.

Mrs. McDougal is seeking to raise similar claims of prosecutorial misconduct in her trial in Little Rock, Arkansas, where jury selection began Monday.

As she entered the courthouse, Mrs. McDougal accused Mr. Starr's prosecutors of engaging in a "personal vendetta" to force her to testify against Mr. Clinton, her former

partner in the ill-fated Whitewater real estate investment.

Mrs. McDougal has served 18 months for civil contempt for refusing to answer questions about Mr. Clinton's involvement in Whitewater and now is being tried on criminal contempt and obstruction of justice charges that carry the possibility of 10 years in prison.

"I fully intend to put Kenneth W. Starr on trial," said Mark Geragos, Mrs. McDougal's lawyer in the Little Rock trial.

The only figure indicted by Mr. Starr in the Lewinsky probe, Julie Hiett Steele, is mounting a similar attack. Ms. Steele is accused of lying to the grand jury about whether her former friend, Kathleen Willey, told her of an alleged sexual advance by Mr. Clinton.

Mrs. Steele's lawyer, Nancy Luque, has argued for dismissal of the indictment, saying in court papers that "it is irreversibly tainted by the ethical violations of the Office of Independent Counsel constituting prosecutorial misconduct."

Mrs. McDougal has claimed that the independent counsel threatens and punishes witnesses who refuse to help him attack Mr. Clinton.

Mr. Geragos said that this pattern was evident in Mr. Starr's treatment of Ms. Lewinsky, who, he said, escaped Mr. Starr's wrath only by agreeing to testify for him. Mr. Geragos has suggested he might subpoena Ms. Lewinsky to testify in the Little Rock trial.

The only figure indicted by Mr. Starr in the Lewinsky probe, Julie Hiett Steele, is mounting a similar attack. Ms. Steele is accused of lying to the grand jury about whether her former friend, Kathleen Willey, told her of an alleged sexual advance by Mr. Clinton.

Mrs. Steele's lawyer, Nancy Luque, has argued for dismissal of the indictment, saying in court papers that "it is irreversibly tainted by the ethical violations of the Office of Independent Counsel constituting prosecutorial misconduct."

Mr. Starr's prosecutors have brushed aside the allegations. "We know in any high-profile case, it is a normal thing where the prosecutor is attacked," Mr. Ewing said.

The Landmark Legal Foundation, a conservative advocacy group, had earlier asked the court to prohibit the investigation of the independent counsel, arguing that such an inquiry would infringe on the independence of the court. That is the reason for appointing an outsider like Mr. Starr to examine allegations against a president.

Mr. Starr asked the judges to dispose of the matter simply by finding that the foundation lacks the legal standing to enter into the matter.

The Justice Department also asked the judges to reject the foundation's request, claiming that the law creating the independent counsel process and a Supreme Court ruling upholding it gives the judges limited roles that do not include interfering with an attorney general investigating possible misconduct.

POLITICAL NOTES

Verdict by Lewinsky's Father: Clinton 'Totally Irresponsible'

WASHINGTON — Monica Lewinsky's father accused President Bill Clinton on Tuesday of being "totally irresponsible" for having an affair with his daughter and said that his actions caused "unconscionable" pain to his family.

"It takes two to tango," Bernard Lewinsky said. "However, he was the president, he was over twice her age, just a few years younger than I am, and for him to get involved with someone like my daughter I consider totally irresponsible for him in his position and for him as a man."

He appeared on NBC's "Today" show in his first television interview in a year. On the "Today" show in March 1998, Mr. Lewinsky said he did not want to know if his daughter had an affair with the president and would not "invade her privacy" by asking, adding "As far as I'm concerned it did not happen." He said Tuesday that when he finally learned the affair had occurred, his reaction was one of disgust. (Reuters)

Senators Probe Sweepstakes

WASHINGTON — The companies that mail sweepstakes contests to millions told disbelieving senators Tuesday that the vast majority of Americans understand they do not have to order anything to win.

Members of a Senate panel reacted to the testimony with anger, reading sweepstakes industry witnesses their own mailings with headlines such as "Open your door to \$31 million on Jan. 31" and "It's down to a two-person race for \$11 million."

Representatives of Publishers Clearing House, Reader's Digest, American Family Enterprises and Time Inc. defended their practices, contending they had voluntarily changed their mailings and were making efforts to identify those who do not understand the rules. (AP)

Quote/Unquote

Norm Ornstein, a political scholar at the American Enterprise Institute, on the presidential aspirations of Elizabeth Dole: "Elizabeth Dole has helped change the perception of women. She's an experienced, competent woman who performs in the lion's den. Do I believe her running has caused a sea change in the culture? No. But it's another significant incremental change." (AP)

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THE BOSPHORUS

A Passion for Perfection

AP Lamar Alexander, seeking the Republican nomination again.

Running for president is a grueling, costly, lonely, often humiliating process and sometimes exhilarating process.

Mostly it is a mystery — a mystery of what propels people often against great odds to keep going.

"There are moments when he gets discouraged," said Tom Rath of New Hampshire, a member of the Republican National Committee and an adviser to Mr. Alexander. "But he's been through this. He saw this in '95."

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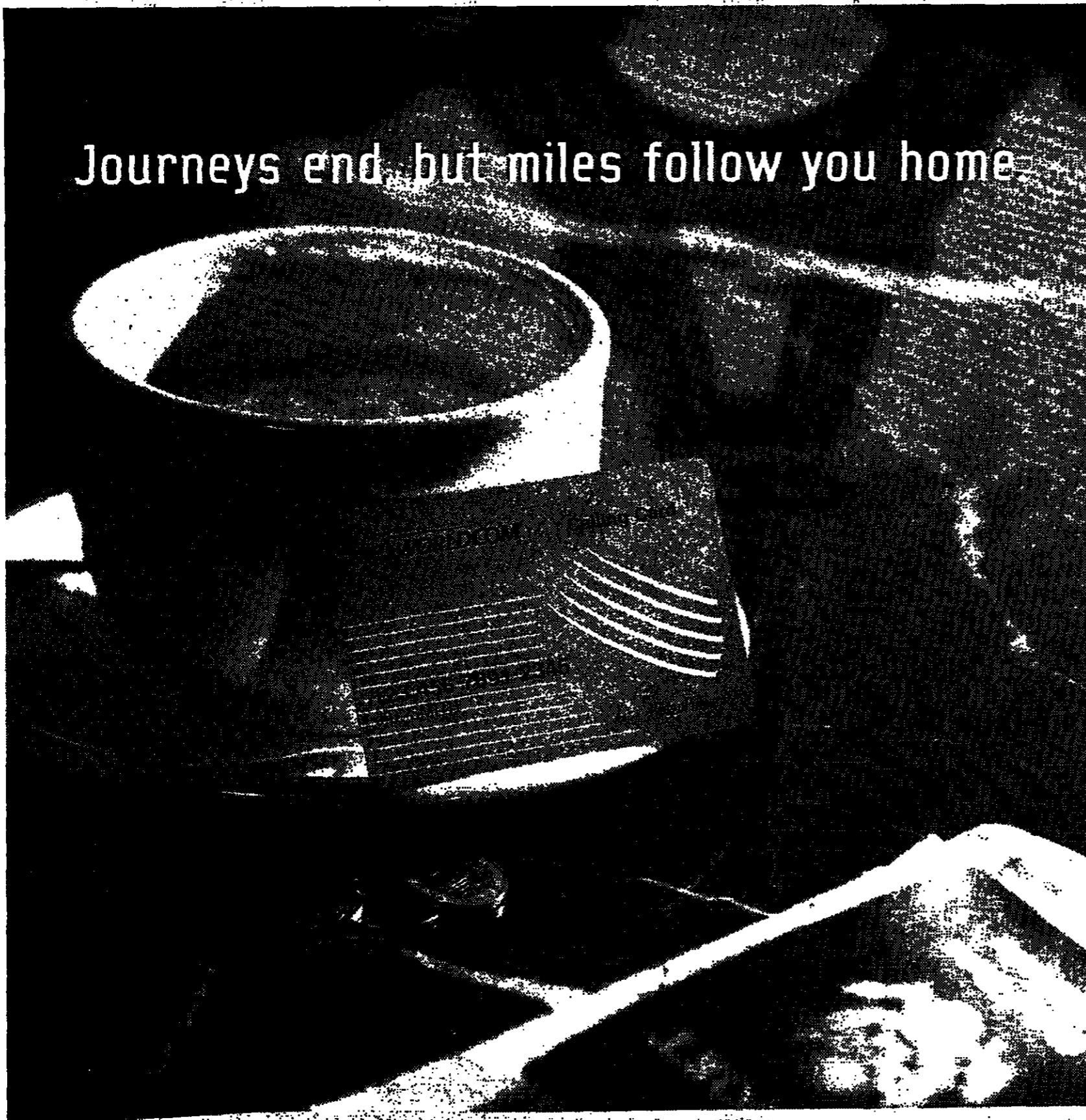
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ASIA/PACIFIC

China Case Shows U.S. Struggle to Balance High-Tech Trade and SecurityBy Michael Laris
Washington Post Service

BEIJING — The American-made supercomputer that crowds Liu Zhi's office at the Institute of Geology is bigger than a minivan and cost more than \$300,000. It sits under a large blue tap, obsolete and unused.

Last year, the institute bought a new computer made by Sun Microsystems Inc., based in Palo Alto, California, that is 562 times faster, cost just \$20,000 and is the size of a desktop unit. Mr. Liu linked it to the Internet, and now scholars can perform complex calculations that were previously unthinkable.

The two computers, sitting in the same room at the institute, are monuments to the benefits that both China and U.S. high-tech companies have reaped from the brisk trade in American know-how.

The computers also underscore the complexities of a U.S. policy that, in fits and starts, has attempted to prevent China from acquiring advanced U.S. technology that can be used for military purposes.

Computers like the Sun machine bought by the geology institute are powerful enough to be used in designing nuclear weapons, yet it is legal under U.S. law to sell them to China.

Such a sale would be illegal if it were for Chinese military use. Mr. Liu, an engineer who runs the institute's network, was once a communications officer in the Chinese Army — an illustration of the often blurred lines between the Chinese civilian and military sectors.

Moreover, while the U.S. Commerce Department has the right to monitor the use of major U.S.-built computers in China, there is only one person assigned to the U.S. Embassy in Beijing to perform this enormous task. And if American computers are being used for illegal purposes from a remote location, there is almost no way he can discover that.

Recent disclosures of Chinese government efforts to buy dual-use technology from the United States and steal U.S. weapons secrets have sparked a passionate, sometimes ugly, debate in Washington and Beijing.

On one hand, U.S. businesses and a number of government officials worry that such revelations could disrupt one of the most successful sectors of the U.S. economy. On the other hand, some officials worry that sales of American high-performance computers to China and other countries could erode the ability of the U.S. military to maintain its lead in high-tech weaponry.

"We have here the beginning of a debate we should have had a long time ago," said Bates

Gill, director of the Center for Northeast Asian Policy Studies at the Brookings Institution. "In the post-Cold War era, in a globalized, international environment, how do we strike the right balance between high-tech trade and national security?"

A U.S. House of Representatives committee

they say, would create commercial chaos because of the enormous bureaucracy that would be needed to enforce new trade curbs.

U.S. law currently requires American companies to obtain permission from the government before they can export computers that run at speeds above 2,000 MTOPS, or millions of operational operations per second, the industry speedometer. The rules are intended to prevent foreign nuclear-weapons designers from acquiring powerful computers, and the United States applies them to 50 countries viewed as proliferation risks, including Russia and Israel. China is an important case because of the massive size of its market and U.S. concerns about China's rise on the world stage and its military intentions.

Over the past 13 months, the U.S. government received 512 requests to export high performance computers to China, 70 of which were denied, according to the Commerce Department. Several of the denials were reversed on appeal. The overall number of shipments to China was substantially lower because some deals fell through, bringing the total number of deliveries last year to 191.

The U.S. government has concentrated its efforts on controlling exports of the 500 fastest American-made computers — supercomputers that cost tens of millions of dollars each. These

are the kinds of machines that the Department of Energy uses to manage the U.S. nuclear arsenal and that could pose the greatest danger in foreign hands, said William Reinsch, the U.S. under-secretary of commerce for export administration and an outspoken advocate of increased high-technology sales abroad.

"The problem is, No. 500 keeps going up in capability," Mr. Reinsch said, adding that the calculating speed of the slowest of the 500 fastest machines will nearly double this year from 11,000 to 20,000 MTOPS.

"When the high end is going up that rapidly, you have to make adjustments to continue your ability to do that," he said. "Otherwise, what we are doing is controlling low-end PCs."

Indeed, by the end of the year, most personal computers sold to China will have speeds above the government threshold and will require permits, according to industry estimates. U.S. computer companies do more than half their business overseas, and their officials argue that even if U.S. trade rules were tightened, shipments of U.S. products would still flow easily into China from traders around the globe. In addition, they say, there is no binding international agreement to prevent other countries from selling their powerful computers to China if U.S. companies are prohibited from doing so.

Perry Canvasses Seoul On North Korea Policy

Agence France-Presse

SEOUL — William Perry, the U.S. policy coordinator on North Korea, left South Korea on Tuesday after agreeing with top Seoul officials that a "comprehensive approach" was needed in dealing with North Korea's nuclear and missile threat.

He headed for Japan for further talks over how much leeway Washington and its regional allies should give Pyongyang if it rejects their campaign of peaceful engagement and resorts to provocation.

But it was not immediately known if Mr. Perry's visit to Seoul helped narrow a potentially divisive policy rift between the two allies on how to handle the Stalinist state.

"There were no surprises," said a senior official, who requested anonymity, following a meeting between Mr. Perry and President Kim Dae Jung.

"But it is unlikely that any of the

differences in our policies on how to deal with North Korea were significantly cleared," he added.

He and other officials said that although Washington basically supported Seoul's drive to engage the North economically rather than to confront it, the two differed on how to cope with its weapons threat.

He said the differences between the allies lay in where to draw a "red line" over which Pyongyang must not step to avoid a confrontation that could force Seoul and Washington to abandon engagement in favor of tougher action.

Mr. Perry is on a regional tour for consultations.

By the end of the month, he is to recommend to President Bill Clinton a blueprint for future U.S. policy toward North Korea.

A South Korean government statement said that the two sides had agreed that a "comprehensive approach" was needed to address those problems caused by North Korea's nuclear and missile programs."

While it said such an approach would be based on South Korea's policy of engagement with North Korea, the statement did not specify whether the two sides backed President Kim's proposal for a "package deal" with Pyongyang.

■ Japan's First-Strike Right

Japan said Tuesday that it has the right — at least theoretically — to carry out preemptive strikes against countries that pose a military threat, Reuters reported from Tokyo.

Akitaka Saiki, deputy press secretary for Prime Minister Keizo Obuchi, said, "I think it was already clarified many years ago in Parliament that theoretically, self-defense could include preemptive attacks on the territory of a nation which is contemplating a military attack on Japan."

Mindful of potential missile threats from North Korea, the defense chief, Hosoi Norita, told Parliament last Wednesday that Tokyo could launch preemptive strikes against missile-launching bases in other countries.

"It is legally possible for Japan to exercise the right for self-defense and attack bases of an enemy even when Japan has not yet suffered any realistic damage," he said.

Politicians and defense officials have been locked in heated debates on ways to defend Japan since North Korea launched a three-stage Taepo Dong rocket. The August test sent the rocket over Japan before it landed in the Pacific.

A Chinese Foreign Ministry spokesman, Zhu Bangzao, said Monday that Japanese consideration of preemptive strikes "would only lead to new confrontations and tensions in the region and be quite disturbing for Japan's neighbors."

Minister Drafted Sex Crimes Letter, Anwar Court Is Told

Reuters

KUALA LUMPUR — A former aide to Anwar Ibrahim said Tuesday that a Malaysian government minister had written a letter that accused the then-finance minister of sex crimes and helped set the stage for his downfall.

Azmin Ali, Mr. Anwar's former private secretary, said his sister, Ummi Hafida Ali, told him last year that Domestic Trade Minister Megat Junid Megat Ayob had written the letter in 1997 accusing Mr. Anwar of adultery and sodomy, a crime in Malaysia.

"Ummi told me that the letter was drafted by Dato Megat Junid," Mr. Azmin told the capital's High Court.

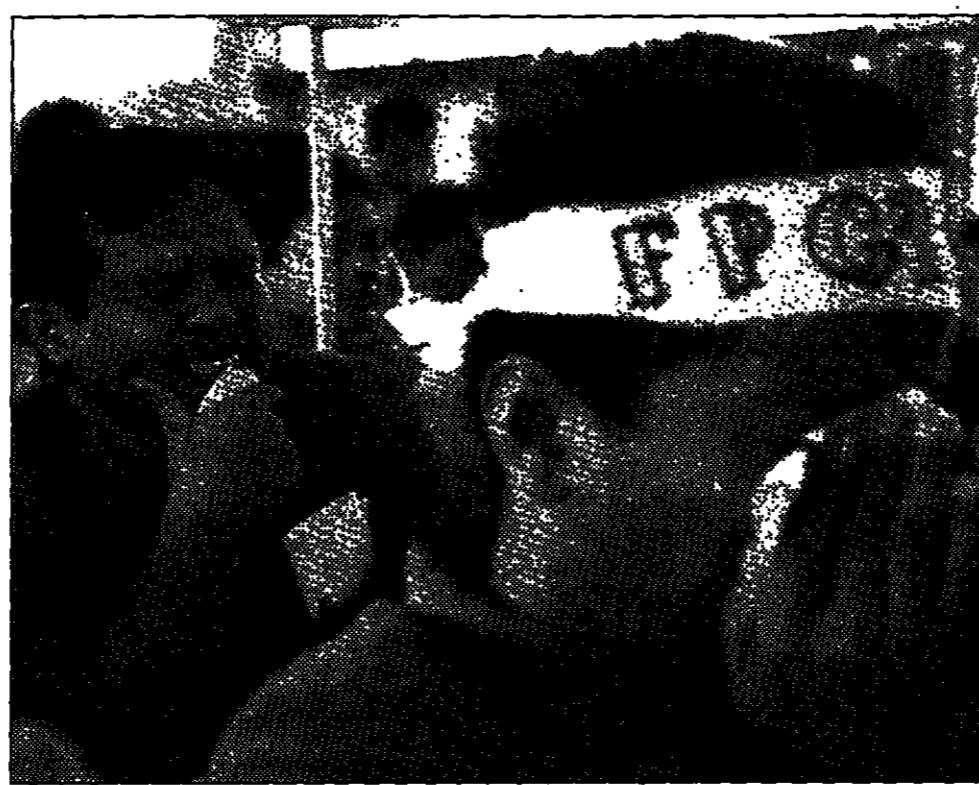
Mr. Azmin also told the court that his sister had been paid money to participate in a conspiracy against Mr. Anwar.

But a prosecutor attacked the credibility of the defense witness, saying that he had received part of his income directly from Mr. Anwar.

The letter, at the heart of the trial, was signed by Miss Ummi and sent to Prime Minister Mahathir bin Mohamad in August 1997. One year later, Mr. Mahathir dismissed his heir-apparent, triggering unprecedented anti-government protests.

Mr. Azmin said he asked his sister last year why she had accused Mr. Anwar. "At that point, Ummi answered that she was promised money and projects to fabricate evidence," he said.

The 1997 letter is crucial to government allegations that Mr. Anwar committed sex crimes and that he directed the police to force Miss Ummi and another accuser to retract their allegations.



TIMOR: Australia Weighs Role

Continued from Page 1

ligation to help, however unstable and dangerous the situation may become," he said.

East Timorese independence leaders want Australia to do more to get the United Nations involved in the territory in place of the widely hated and feared Indonesian military.

Following a meeting in Canberra on Monday with Foreign Minister Alexander Downer, Jose Ramos-Horta, the East Timorese Nobel peace laureate, said there would be no peace or reconciliation in the territory while Indonesia's shadowy army intelligence network remained active there.

Also backing this view, Amnesty International said in a report Tuesday that there had been an increase in the activities of pro-Indonesian paramilitary units in East Timor backed by the Indonesian Army in recent months as tension grew between independence groups and those who favor Jakarta's rule.

This followed a sudden move by President BJ. Habibie in January to end 23 years of resolute Indonesian opposition to independence when he offered East Timor the choice between wide-ranging autonomy or separation from Indonesia.

In a letter dated March 4 to Laurie Breerton, a foreign affairs spokesman for Australia's Labor opposition, Xanana Gusmao, an East Timorese independence leader who is playing an increasingly influential role in negotiations over the future of the territory even though he remains under house arrest in Jakarta, called for a UN "peace mission" to be sent to East Timor immediately.

He said that the mission should include police and a "small military contingent," adding that it was needed urgently to encourage reconciliation talks between rival factions in the territory, create a conducive climate for consultations on Indonesia's autonomy proposal, disarm combatants, and monitor the withdrawal of the Indonesian military.

But Australia remains wary of any talk of a UN peacekeeping role in East Timor at this stage, although it supports an international civilian and police presence.

After talks with Indonesian officials recently, Mr. Downer said he expressed the hope that any transition in East Timor could avoid the need for UN or other peacekeeping forces.

"The responsibility for managing the transition process and maintaining order in East Timor lies with the parties involved, not with Australia or the international community," he said. "We have committed ourselves to assisting Indonesia and the East Timorese where possible, including through considering future levels of development assistance."



A Timorese man demonstrating Tuesday in Jakarta

Fears Mount In East Timor

Indonesian teachers crying as they listened to stories of intimidation by native East Timorese during a meeting at the Education Ministry office in the provincial capital, Dili. About 500 teachers gathered to demand relocation from East Timor as confrontations between pro and anti-independence groups increased, prompted by Indonesia's recent offer to grant the province autonomy.

Charles Dharapak/The Associated Press

First Charges Laid Against Khmer ChiefBy Seth Mydans
New York Times Service

BANGKOK — The Khmer Rouge commander Ta Mok will be charged under a 1994 law that bans membership in the brutal Communist group and may also face charges of genocide, a Cambodian prosecutor said Tuesday.

The prosecutor said Mr. Ta Mok, 72, who is implicated in the deaths of more than a million people when the Khmer Rouge held power from 1975 to 1979, had refused to answer questions until he is provided a lawyer.

He was arrested Saturday and is the first Khmer Rouge leader to face legal proceedings.

Three other top figures have been allowed to "defect" to the government since mid-1996 and have been living freely in Cambodia along with scores of second-level leaders.

The charges against Mr. Ta Mok intensify the debate over the status of these other leaders, and Cambodian officials have made contradictory statements this week over whether they too might face charges.

The prosecutor, General Sao Sok, said Mr. Ta Mok would be tried in Cambodia but that it was unclear whether he would be tried by a civilian or military court.

A team of three international lawyers has recommended to the UN that as many as 20 to 30 Khmer Rouge figures face charges in an international court. Most prominent among them, along with Mr. Ta Mok, are Ieng Sary, who surrendered in 1996, and two who surrendered in December, Khieu Samphan and Nuon Chea.

Prime Minister Hun Sen has appeared to leave his options open, both supporting an international tribunal and warning of its potentially destabilizing consequences.

In televised remarks Tuesday, he repeated an earlier assertion that he had given no guarantees of immunity to the surrenders or anyone else. "I could not even provide guarantees to my children and my wife that they are free from charges by the court," he said.

■ Stipulations on Aid

Resumption of U.S. aid to the Cambodian government could depend on whether Phnom Penh allows an international tribunal to prosecute Khmer Rouge leaders. The Associated Press reported Tuesday from Washington, quoting a senior Clinton administration official's testimony to lawmakers.

BRIEFLY

China to Elevate Private Enterprise

BELING — China's Parliament heard a proposal Tuesday to provide some protection for private enterprise in the nation's constitution.

The wording changes in the constitution, while they do not give citizens the right to own property, are nevertheless viewed by reformers here as a step in the right direction. Expected to be approved next week by the rubber-stamp legislature, the amendments were written by senior leaders of the Communist Party.

An attempt to introduce the new language a year ago was scuttled, according to a source close to the legislature, because of disagreements among senior leaders.

Now, Article 11 of the constitution will state that the private sector is "an important component of China's socialist market economy" rather than "a complement to the socialist public economy."

A number of liberal officials and scholars argue that, while the constitutional changes are modest, they are an important symbol. "The main point is the door is open," said a pro-reform official. "It will open wider."

(WP)

© New York Times/Edited by Will Shortz

The government of Tung Chee-hwa rallied behind Mrs. Leung on Tuesday. Stephen Lam, a spokesman for Mr. Tung, said: "The Hong Kong government continues to have confidence in the secretary for justice."

The censure motion will not cause Mrs. Leung's dismissal because the legislature is not empowered to dismiss senior government officials, who are appointed by Beijing on the recommendation of Mr. Tung. But it would, if passed, be widely seen as a slap at the government.

(Reuters)

Japan Drops Fingerprinting Law

TOKYO — The Japanese cabinet approved on Tuesday a bill to scrap a 47-year-old law requiring most foreign residents to register their fingerprints with the government.

The new measure, which will now go to Parliament for approval, would require nonpermanent foreign residents over 16 and staying a year or more in Japan to register only a photo and signature with the government.

The law was amended in 1992 to no longer require the fingerprinting of permanent residents, who number about 625,000, 80 percent of whom are Korean.

The fingerprinting of residents has faced opposition from some foreigners, who argue that the procedure is demeaning and is similar to the booking of criminal suspects.

(AP)

Hong Kong Official Faces Censure

HONG KONG — Justice Secretary Elsie Leung faces a no-confidence motion Wednesday in the legislature here over her handling of issues impinging on Hong Kong's judicial independence. The debate will mark the first time a top government official has faced a censure motion since Britain returned Hong Kong to China in July 1997.

Mrs. Leung's fairness has been called into question by legislators in recent months. Lee Cheuk-yan, of the Frontier political group, said: "We feel Mrs. Leung seems to pander to the mainland authorities."

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Shots Disperse Indonesian Rioters

JAKARTA — Security personnel fired warning shots Tuesday to disperse groups of Muslims and Christians who were throwing stones at each other on the eastern Indonesian island of Ambon, the military and witnesses said.

An officer at the local military station said there were no reports of casualties in the clash in Air Salobar, a western neighborhood of Ambon city.

(AP)

CROSSWORD

ACROSS

1 Center of an old-fashioned roast
5 Old Jewish leaders
10 Kid
14 Fully fit
15 Credit being replaced by the euro
16 Got down
17 What boxer #1 did
20 Got up
21 More wily
22 Political grp. since 1954
23 Umbrella part
24 Launch of 1986

Solution to Puzzle of March 9



INTERNATIONAL

In Honduras, Clinton Lauds New Role for U.S. Military

Compiled by Our Staff From Despatches

SOTO CANO AIR BASE, Honduras — President Bill Clinton visited a military base Tuesday that was once used as a staging area for U.S. operations against the leftist insurgency in Central America and is now used to help rebuild the region after a devastating hurricane that struck the region last fall.

The president was on the second day of a four-day goodwill tour of the Central America nations hardest hit by the hurricane designated Mitch: Nicaragua, El Salvador, Honduras and Guatemala.

Hoping to shut the door on the dark side of U.S. military involvement in the region, Mr. Clinton saluted a new Central America and the new relief role for U.S. troops here. He drew whoops of delight from many of the 520 U.S. military and civilian personnel at the base when he said, "You have shown the people of Central America the true colors of our men and women in uniform."

The U.S. military established a semi-permanent military presence in 1984 at Soto Cano Air Base during the civil wars that raged in Central America in the 1980s. In the aftermath of the hurricane last year, it has been used as a staging ground for the U.S. military to save lives as part of Joint Task Force Bravo.

Later Tuesday, Mr. Clinton visited the reconstruction site of the Juan Molina bridge, which spans the Choluteca River and links the Honduran capital, Tegucigalpa, with its sister city, Comayagua. It was swept away when the hurricane roared through last fall.

Emphasizing the positive on his four-day tour, Mr. Clinton outlined a stopgap \$25 million in U.S. aid to Honduras — the worst hit by last fall's storm — and made a detailed argument for the \$956 million aid package being held up in Congress. Republicans are demanding that Mr. Clinton offset the reconstruction aid through reductions in food stamps and welfare assistance.

"I believe the United States should do more" to help its neighbors, President Clinton said. "What happens to one in the Americas affects us all. It reminds us again that in good times and bad, *todos somos Americanos*" — "we are all Americans."

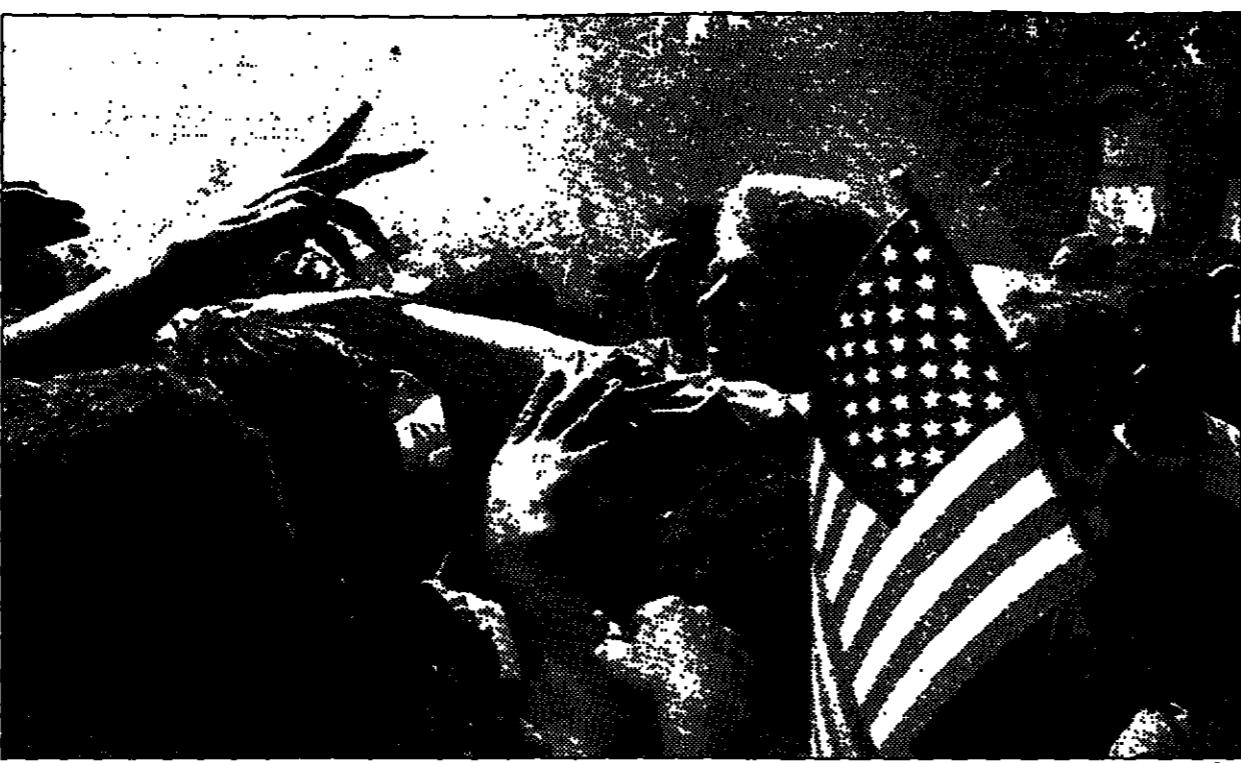
Mr. Clinton also said that work remained to undo the legacy of the 1980s, when the United States was perceived here as meddlesome — or worse.

"In times past, there was conflict, turbulence and distrust," he told Nicaraguans on Monday near the town of Posoltega, devastated by mud slides in the hurricane. "But now we are bound together in our common commitment to democracy."

On immigration, Mr. Clinton promised to seek "a fair solution" to problems exacerbated by the natural disaster. A temporary halt in deportations of Guatemalans and Salvadorans in the United States lapsed Monday.

Doris Meissner, director of the U.S. Immigration and Naturalization Service, said that deportations had not yet resumed but indicated that they would begin again toward the end of next week.

Mr. Clinton said resumption of deportations "shouldn't affect too many people in the early going" and questioned whether he had any legal authority to extend the halt. (AP, Reuters)



President Clinton greeting a crowd after speaking at a high school in Posoltega, Nicaragua. (Harry Hamburg/The Associated Press)

U.S. Jets, Under Threat, Hit Several Iraqi Sites

Reuters

ANKARA — U.S. aircraft bombed Iraqi air defense sites in the northern no-flight zone on Tuesday after being tracked by Iraqi radar, officials at the jets' base in southern Turkey reported.

A spokesman said that F-15E fighter-bombers "acting in self-defense" had hit several anti-aircraft sites west and south of the city of Mosul.

Such strikes have become regular since Iraq decided in December to oppose U.S. and British jets patrolling the no-flight zones in the north and south of the country.

Jets flying from the Incirlik air base near Turkey's south coast struck Monday at other sites north of Mosul.

The Incirlik spokesman said GBU-12 laser-guided bombs had struck several anti-aircraft batteries in the latest attacks, which took place between 12:35 P.M. and 1 P.M.

All the U.S. aircraft safely left northern Iraqi skies, the spokesman said.

Similar strikes last week damaged a facility for a pipeline carrying crude oil from Iraq to the Turkish Mediterranean port of Ceyhan. Pumping of oil has resumed.

Iraq refuses to recognize the no-flight zones that were set up after the 1991 Gulf War to protect Kurds in the north and Shiites in the south.

The jets patrolling northern Iraq are keeping a watch over a Kurdish-held enclave in the mountains and a stretch of Baghdad-controlled territory below on the plains.

The U.S. government says two months of retaliatory strikes in the zones have done more damage to the Iraqi defenses than the recent four days of intense attacks in the campaign called Desert Fox.

SECRETS: Chinese-American Weapons Designer Is Fired in Espionage Investigation

Continued from Page 1

has moved vigorously and "the problem has been corrected."

The official reason for terminating Mr. Lee, Mr. Richardson said, was that "he had misused security, he had had improper contact with foreign officials, and he had violated a number of security procedures."

Other sources said that these facts had been developed during the FBI investigation, but that inquiry had not turned up evidence to support the espionage allegations against Mr. Lee.

Asked whether China could have de-

veloped the miniature warheads on its own, Mr. Richardson agreed, adding, "They could have gotten it from Russia, or they could have had some assistance from these potential thefts."

Complaints in Congress — from the Senate majority leader, Trent Lott, Republican of Mississippi, and Senator Richard Shelby, Republican of Alabama and chairman of the Select Committee on Intelligence, among others — have added fuel to a debate over whether the Clinton administration was lax on carrying out new security regulations to prevent Beijing from obtaining military secrets and advanced U.S. technology with possible military uses. The administration has sought to engage China as a trading

partner and strategic player in Asia. Mr. Lee has been under FBI investigation since late 1997, according to administration sources, but the inquiry has been unable to develop specific evidence against him because the alleged espionage took place almost 10 years ago. In addition, investigators could not find indications of any activity by Mr. Lee on behalf of the Chinese in the intervening decade.

While under FBI investigation, Mr. Lee was allowed to remain at his classified job, but under surveillance. The FBI, which has total control over this investigation, frequently has proceeded this way in espionage cases, since it is

difficult to get an arrest without "catching someone in the act," a former senior agent said Monday.

Four weeks ago, investigators concluded Mr. Lee was not going to cooperate and his access to classified information was removed. Last weekend, he was questioned directly by FBI agents and "continued to insist he had done nothing wrong," a source said.

Because Mr. Lee was a contract employee of the University of California, which rules Los Alamos for the government, Mr. Richardson had to recommend his removal to the university, which immediately carried it out, sources said.

Mr. Richardson said that the Lee case, along with two others going back to the Reagan years, represents "serious leaks of information," but the energy secretary added, "We still don't know the extent."

■ Continuing to Pursue China

Mr. Gore was the highest-ranking U.S. official to comment on the allegations since they were disclosed by The New York Times on Saturday, Reuters reported.

Mr. Gore sought to deflect criticism from the Clinton administration in an interview broadcast Tuesday evening on CNN.

He also said the United States would continue to pursue a relationship with China aimed at encouraging further steps toward democracy.

South Africa Party Seeks Peace Talks After Slayings

By Donald G. McNeil Jr.
New York Times Service

CAPE TOWN — Five local officials of the new United Democratic Movement political party have been killed in this area since Sunday, raising fears Tuesday that the political violence that swept the country before the 1994 elections may be repeated.

The head of the movement, Bantu Holomisa, is flying here Wednesday and asking for a peace conference of leaders of all political parties to defuse the situation before it gets worse.

The killings came six weeks after the movement's third-most prominent official, Sifiso Nkabinde, was slain in KwaZulu-Natal Province and a spate of revenge killings followed. Mr. Holomisa also flew them to call for peace.

Although neither side admits it, this is assumed to be a war between the movement and the ruling African National Congress. A spokesman for the local branch of the African National Congress said the party had "no objection in principle" to a Cape Town peace conference but said there might be difficulties convening one quickly.

He played down the notion of a countrywide war between the two parties, saying some of those killed also were involved in a local dispute over plans to seize some vacant land for housing.

After Mr. Nkabinde's assassination, African National Congress officials also suggested many nonpolitical reasons why he might have been killed, including his involvement in the local taxi industry.

Between 1990 and the 1994 elections, thousands of people died, most of them in KwaZulu-Natal and the Johannesburg area, in warfare between the African National Congress and the Zulu nation-

alist Inkatha Freedom Party, which got covert help from the South African police. In the past two years, the two parties had made some headway toward resolving their differences, but in recent weeks both sides have again accused each other of fomenting violence.

Blood had developed rapidly with the United Democratic Movement, which was founded last year jointly by Mr. Holomisa, who was ejected from the African National Congress for accusing party leaders of accepting bribes, and by Roelf Meyer, heir-apparent of the National Party who was ousted in an internal power struggle.

BRIEFLY

Argentines Saluted By Prince Charles

BUENOS AIRES — Prince Charles paid homage Tuesday to Argentine troops who died in the 1982 Falklands War and shook hands with survivors, who asked him to help them visit Argentine war graves on the disputed islands.

The heir to the British throne laid a wreath at the monument to Argentina's 652 war dead in central Buenos Aires, echoing a similar gesture of reconciliation by President Carlos Saúl Menem at St. Paul's Cathedral in London last year.

The prince began his three-day visit to Argentina, to be followed by stops in Uruguay and the Falklands, with a speech in which he expressed hope that his visit would "help at least in a modest way" to bring reconciliation. (Reuters)

Viagra Approved For Use in Canada

TORONTO — Nearly a year after Viagra was authorized for use in the United States, Canadian health officials have approved the anti-impotence drug, its manufacturer said Tuesday.

"Today's the day," said Don Sanctor, a spokesman for Pfizer Canada, referring to the long-awaited go-ahead from the federal Health Department.

Since Pfizer Inc. introduced Viagra in the United States in March 1998, more than 50 countries have approved its use.

In Canada, however, the Health Department review moved slowly, prompting thousands of men to purchase Viagra over the Internet or to drive across the border to get it at U.S. pharmacies. (AP)

Ethiopia Preparing Attack, Eritrea Says

ADDIS ABABA, Ethiopia — Ethiopia and Eritrea escalated their war of words Tuesday, with Asmara warning that Addis Ababa was preparing new offensives, but the 1,000-kilometer border was reportedly quiet for the second day running.

In Addis Ababa, Prime Minister Meles Zenawi of Ethiopia told African diplomats that Eritrean troops were "reinforcing their trenches and mobilizing additional troops" in contested areas.

In Asmara, Yemane Ghebremeskel, the presidential chief of staff, said that "everything indicates Ethiopia is preparing an attack."

Balloon Expected To Reach China

GENEVA — Balloonists aiming to be the first to circle the world nonstop crossed India on Tuesday, the Geneva control center said.

By early afternoon Indian time (0900 GMT) the Swiss pilot, Bertrand Piccard, and his British teammate, Brian Jones, were just south of the eastern Indian town of Varanasi, a spokeswoman said.

Their Breitling Orbiter-3 will enter China's airspace early Wednesday, the 10th day of their journey, south of 26 degrees north latitude, the center said. That would put it within the zone approved by Beijing.

Over India the crew was out of contact with Geneva for long periods because of problems with satellite communications, said Alan Noble, a flight director. (AP)

DEAL: RJR to Separate Food and Tobacco

Continued from Page 1

sell for only \$6 billion to \$7 billion.

RJR Nabisco said it felt it could not provide sufficient resources to develop the international unit, which was hard hit by the crisis in Russia, which had been its biggest market.

RJR Nabisco's weak stock price has angered investors, and the corporate raider Carl Icahn has twice amassed stakes in the company. He was expected to try to get shareholders to vote to force the company to separate its businesses this year, following attempts in 1995 and 1996 to gain control and split the operations.

RJR Nabisco and other tobacco companies settled health-related disputes with 46 U.S. states and five territories in November by agreeing to pay \$206 billion over 25 years. In exchange, the states and territories agreed not to sue them for the costs of Medicaid treatments of sick smokers. The other four states had separate agreements with the industry worth \$40 million.

The tepid market reaction probably reflected fears of further legal problems, according to David Dreman, an author and asset manager who holds several million shares in the company and said he was encouraged by the announcement on Tuesday.

But Mr. Dreman said that the states might want access to the food company's assets as well as those of the tobacco concern to make sure it met its obligations under the settlements. He added that if individuals were to succeed in suits, they might also challenge the divestitures. In the past, RJR Nabisco has cited the issue as one reason for not separating the food and tobacco operations, but Carol Makovich, a company spokeswoman, said the deal was structured to prevent such legal objections.

That structure will result in shares of the domestic tobacco unit, R.J. Reynolds Tobacco Co., being handed to current shareholders of RJR Nabisco. The parent company sold 19.5 percent of the food operations as Nabisco Holdings Corp. to the public in 1995. The food company will continue to trade separately from RJR Nabisco, which Ms. Makovich said would exist only to own the remaining stake. That probably



Masaru Mizuno, Japan Tobacco chief, announcing the deal Tuesday.

SONY: Not Just the Box But the Pipeline

Continued from Page 1

In other words, the company intends to supply not only the computers and television sets through which people will gain access to its movies and music but also the pipeline. The move would put Sony in competition with powerful companies such as Cisco Systems and Lucent Technologies.

Mr. Idei said Sony would invest aggressively over the next three years in research and development, equipment, plants and building the infrastructure necessary to provide services for what he called a "network-centric" world.

Analysts and investors have been expecting Sony to take off in a new direction as its bread-and-butter consumer electronics business has increasingly slipped into the red. The company's shares jumped 8.9 percent Tuesday, to 10,940 yen (\$98.97).

The one area of Sony's business that was left standing outside the sweeping new plan was its American movie and music businesses. Mr. Idei said that Sony had not yet decided what to do with them but that it was mulling over the future direction of the entertainment business.

Sony, famous for its Walkman tape recorders and Trinitron TVs, wants the

next generation of consumers to know it as a highly skilled digital networking company that sells them hardware, software and access to a road between the two. "In the past three years, we have made a lot of effort to move from being a 'box' company to becoming an information technology company," Mr. Idei said in an interview. "I think we've had a fair amount of success."

Indeed, Sony's Vaio laptop computers are winning accolades and a cutting-edge computer chip it unveiled last week as part of its preview of the next generation PlayStation game machine is the talk of the town. Ken Kutaragi, president of Sony Computer Entertainment, the subsidiary responsible for PlayStation, called the new chip as a "technology driver" for Sony.

Sony's new strategy takes it into uncharted territory. Analysts regard its semiconductor manufacturing capabilities as still unproven, and the networking business is growing more competitive by the day as technology manufacturers seek to find value-added operations to enhance their profitability.

Mr. Idei conceded that the plan, which will require significant investment in research and development, have negative implications for at least short-term profitability.



General Klaus Naumann of Germany, left, greeting General Santiago Valderrama of Spain in Brussels on Tuesday at a review of policies on Kosovo and Bosnia. (Jacques Cattin/Agence France Presse)

NATO: Holbrooke in Belgrade to Persuade Milosevic to Accept Peacekeepers

Continued from Page 1

soon as possible to allow time to draw a deal out of Belgrade," an official said.

Mr. Milosevic's major objection to the peace plan involves a NATO-led peacekeeping force that is supposed to oversee implementation of the shift to local self-government for the ethnic Albanian majority over the next three years.

To induce Belgrade to accept foreign troops in the disputed Serbian province, Mr. Holbrooke will insist on a provision for NATO troops to oversee the disarmament of the Kosovo Liberation Army, accusing them of murder, kidnapping and attacks on Belgrade's military

and police personnel, Reuters reported from Belgrade, quoting the official Tanjug news agency.

Among those on the list were three of the five rebel group members in the 16-member ethnic Albanian delegation to the peace talks outside Paris last month.

They were Jakup Krasniqi, the Kosovo Liberation Army's official spokesman; Rame Suja, a member of the rebels' political team, and Hashim Thaqi, who emerged as effective head of the rebels' delegation in France.

In continuing warfare, Serbian

troops

shelled

Party Seek
After Slaying

EUROPE

Suspected ETA Military Leader and 5 Others Arrested in Paris

Compiled by Our Staff From Dispatches

PARIS — The suspected military leader of the Basque separatist group ETA, Javier Arizcuren Ruiz, one of Spain's most wanted men, was arrested Tuesday in Paris, police said.

Mr. Arizcuren Ruiz, also known as Mr. Kantauri, was arrested along with five other suspected ETA members in two separate operations.

Four, including Mr. Arizcuren Ruiz, were arrested early Tuesday at a hotel. The two others were seized at an apartment used by the group as a logistics base.

All six suspects were arrested. No shots were fired during the arrests, a source said, adding that the group had been un-

der surveillance for several months.

The operation took place as Spain's prime minister, Jose Maria Aznar, was in Paris to meet his counterpart, Lionel Jospin, and President Jacques Chirac.

During a meeting with Mr. Jospin, Mr. Aznar thanked the French government and said the arrests resulted from "very fruitful cooperation" between Paris and Madrid.

Spanish officials in Madrid also welcomed the arrests, which followed the detention earlier this week in the Basque region of two journalists accused of collaborating with ETA — an acronym for Basque Homeland and Liberty in the Basque language.

It was the biggest police operation against ETA since the Basque group declared a cease-fire in mid-September.

Spanish police believe that Mr. Arizcuren Ruiz, 38, was in charge of ETA's deadly commando units and was the mastermind behind a failed assassination attempt against King Juan Carlos in 1995.

Spanish anti-terrorist police sources said he had been on active ETA military service since the early 1980s.

In Madrid, a Spanish Interior Ministry spokesman said the arrests were the result of a joint French-Spanish police operation that began several months before ETA declared its truce.

Spain "cannot lower its guard just

because ETA is observing a cease-fire which is not definitive," the spokesman said.

The Spanish authorities have long believed ETA's leadership was hiding across the border in France.

The Basque region, which is mainly in Spain but straddles the border with southwestern France, is home to more than 1.25 million Basques.

The Vasco Press agency, meanwhile, named two of the arrested suspects as Jarai Mikel Zubimendi, a former parliamentarian of ETA's political wing Herri Batasuna, and Iraztu Gallastegui Sodupe, an ETA activist.

Miss Gallastegui Sodupe's portrait is seen at airports under the slogan "Wanted: Armed and extremely dangerous."

She is believed to be behind attacks on members of the security forces and a leading member of the group that kidnapped and killed a municipal councilor, Miguel Angel Blanco, 29, in Ermua, a small town in Vizcaya Province.

Mr. Blanco's murder in July 1997 caused a storm of protest and unprecedented mass demonstrations against ETA across Spain.

ETA has waged a 30-year separatist campaign in which nearly 1,000 people have died. Despite the truce, the Spanish government continues to consider ETA a terrorist organization.



The suspected military leader of the ETA, Javier Arizcuren Ruiz.

BRIEFLY

Bosnian Serb Says He Will Keep Post

SARAJEVO, Bosnia-Herzegovina —

The Bosnian Serbs' caretaker prime minister, Milorad Dodik, who last week said he would step down over a ruling on a disputed town, has told Western officials he was prepared to remain in office once Serbian anger cools.

A senior North Atlantic Treaty Organization official said in London on Tuesday that the Western-backed politician was "prepared to return and resume responsibility, but not tomorrow."

"He has to let things cool off," the official said.

In Sarajevo, a spokesman for the international peace coordinator, Carlos Westendorp, said that Mr. Dodik had indicated that he was willing to reconsider. Mr. Dodik said Friday that he was quitting because he could not go along with the decision to turn the town of Breko, which had been under Serbian jurisdiction, into a neutral district.

Mr. Westendorp on Friday fired the president of the Bosnian Serb republic, Nikola Poplasen, for violating the Dayton peace accords.

(Reuters)

EU Sees No Conflict In Aide's Political Bid

BRUSSELS — A bid by the European commissioner Emma Bonino to become Italy's next president does not violate newly-approved restrictions on political activities by the European Union executive, EU officials said Tuesday.

"There is no conflict," said Pietro Petrucci, the spokesman for Miss Bonino, a member of the EU executive since 1995.

President Oscar Luigi Scalfaro's seven-year term expires in May, and political horse-trading has already begun internally on who should succeed him.

For the commission, the news that one of its members was seeking high office came as an embarrassment days after it endorsed a code of conduct to show the outside world it took allegations of fraud and cronyism seriously. The code, due to be published after its formal adoption, says commissioners cannot hold elected office of any kind.

A spokesman said that Jacques Santer, president of the commission, was going to ask Miss Bonino to explain her plans but added that he did not see any conflict between her political activities and the code.

(Reuters)

No Progress on Ulster

BELFAST — The two politicians, who are essential to making Northern Ireland's peace accord work, held another tony, inconclusive meeting Tuesday, underscoring fears on both sides that the peace process might be stalled by irreconcilable differences.

At the after-school center on Vardkovsky Pereulok, in central Moscow, the worries are palpable. On Sundays, about 700 Russians attend Hebrew classes, and even on weekdays several classrooms are full.

Anti-Semitism is just one factor in decisions to emigrate. Before the financial crisis, many young and middle-aged professionals felt they had a better chance of making good in Russia than they would if they started over again in another country.

Mr. Vugman, a student at one of Moscow's most prestigious management academies, explained his situation. "I am a Jew, and I want to know the language of my parents," he said. "But I don't want to live in another country."

Mark Kupovetsky, a demographer at the Jewish Studies program at the State University for Humanities in Moscow, says there is a "core" Jewish population of 332,000 in Russia.

The future for Jews in Russia depends on the success of economic reform," said Mr. Kupovetsky.

At the after-school center on Vardkovsky Pereulok, in central Moscow, the worries are palpable. On Sundays, about 700 Russians attend Hebrew classes, and even on weekdays several classrooms are full.

Anti-Semitism is just one factor in decisions to emigrate. Before the financial crisis, many young and middle-aged professionals felt they had a better chance of making good in Russia than they would if they started over again in another country.

Mr. Vugman, a student at one of Moscow's most prestigious management academies, explained his situation. "I am a Jew, and I want to know the language of my parents," he said. "But I don't want to live in another country."

For the Record

Eric Giully, managing director of the international advertising group BD-PP Worldwide, was elected Tuesday in Paris as chairman and managing director of Agence France-Presse. He replaces Jean Miot, whose three-year mandate expired on Feb. 2.

(AP)

FRANCE: Fabius Acquitted in Tainted-Blood Trial

Continued from Page 1

their inadequate response to the AIDS problem when first confronted with it in the mid-1980s.

But until the early 1990s, groups claiming for the transfusion victims were prevented even from seeking compensation from the government for death and suffering. About 4,400 people, many of them hemophiliacs, contracted AIDS from inadequately tested blood stocks in France from the period when Mr. Fabius' Socialist government was in power. About 40 percent of them later died.

The French Transfusion Association said the acquittal of Mr. Fabius was "disgraceful" and the trial "manipulated and discredited." After the monthlong trial ended Tuesday, one of the surviving infected victims, Sylvie Rouy, 35, said tearfully: "Politicians are like gangsters. Unless you catch them red-handed, you never get them."

Mr. Herve was found guilty of involuntary injury in her case, and of involuntary manslaughter in the death of a two-year-old girl infected by a transfusion given before her birth to her mother.

Relatives of the dead and others charged that Mr. Fabius and his health officials had deliberately delayed introduction of systematic testing of blood banks for the AIDS virus even though an American test developed by Abbott Laboratories was already on the market in mid-1985.

The government, they charged, had stalled until a French test developed by Diagnostics Pasteur could be approved for reimbursement by the state health system.

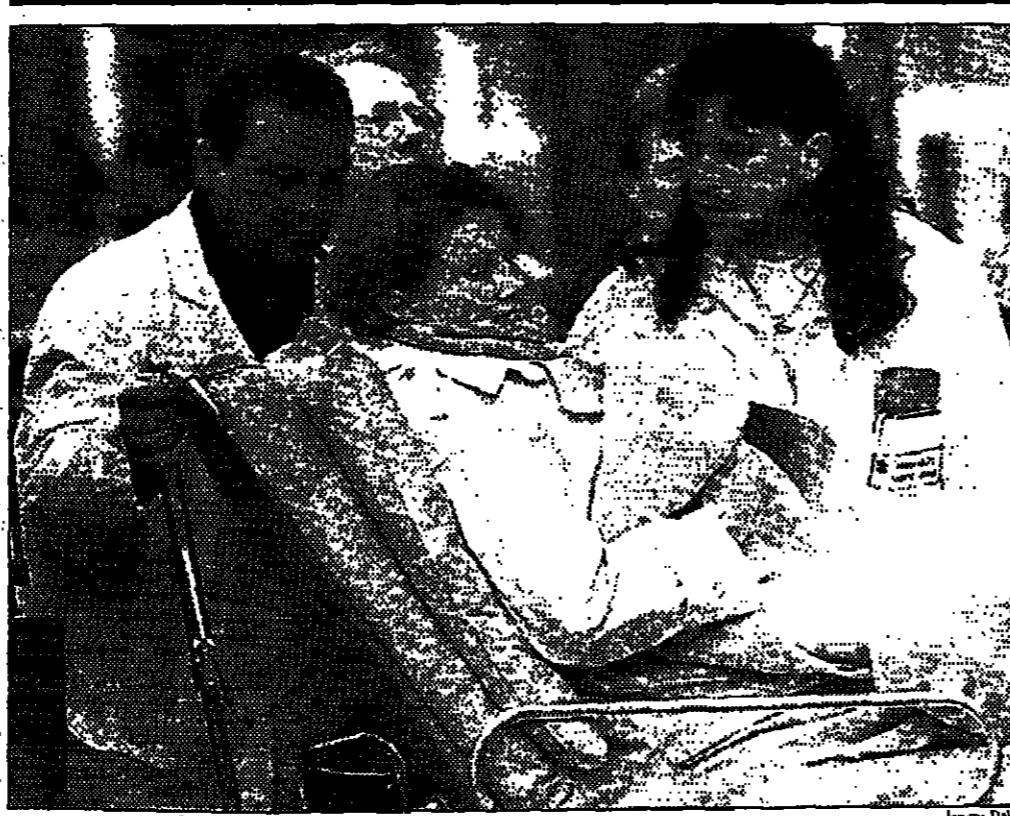
Mr. Fabius vigorously disputed that charge and testified during the trial that he had been unaware of discussions about giving the French test a competitive edge. He ordered systematic testing as soon as he was aware that it was available, advancing the date to Aug. 1, 1985, two months earlier than was originally planned.

But Daniel Defert, who founded a group called ALIDES in the French homosexual community in 1984, told the daily *Liberation* on Tuesday: "Politicians didn't dare to get involved with this disease for fear of being considered responsive to what some doctors were calling a sort of homosexual lobby."

Awkwardness pervaded the trial, and even the prosecution had called for the acquittal of the three defendants in its summation at the end of last month.

The presiding judge, Christian Le Guehec, one of three professional magistrates in the 15-member court, at one point described the proceedings as "surrealistic."

Even acquittal left the political prospects of Mr. Fabius uncertain. Now 52, he was France's youngest prime minister when he was named in 1984 and, until he was caught up in the scandal, had been thought a possible president of France.



Sylvie Rouy, contaminated with HTLV in a 1985 transfusion, leaving the court Tuesday.

OPINION/LETTERS

Internet Entrepreneur:
Act Small, Think Global

By Thomas L. Friedman

WASHINGTON — I recently wrote a column about Lyle Bowlin, who, for about \$150 a month, had managed to put together a Web site that could compete with Amazon.com for selling books. He was underselling Amazon.com (and making a profit) while running the whole operation out of a spare bedroom in his home in Cedar Falls, Iowa.

The column elicited the usual range of skeptical responses from experts, who argued that Mr. Bowlin's operation was just a fluke, or that he was not calculating his costs properly, or that Amazon.com would soon crush him and all other would-be little-guy competitors.

Well, to all of you I say: You are wrong.

You think the Internet is overrated. It is under-rated. Here is the e-mail I received from Mr. Bowlin two days after the column ran, both in The New York Times (*IHT, March 1*) and on-line on www.nytimes.com:

"Dear Tom, I thought I would just fill you in on the impact the column has had. We had over 142,000 hits between 11 P.M. Thursday night [when the column first appeared on the Web] and 2 P.M. Friday afternoon from 40 different countries, before the software that tracks hits gave up and crashed. I have personally responded to over 1,400 e-mails."

The e-mail messages fell into three broad categories. One group was people who were interested in the charitable donation arrangement that Mr. Bowlin offers, whereby 10 percent of the purchase price of any book can be dedicated to a charity certified by the Internal Revenue Service.

Another group was small-business people around the world, particularly craft makers, who were interested in competing against the big boys from their spare bedrooms at home and wanted to know how to get started.

"There are a lot of people out there who have a passion for selling different things," Mr. Bowlin said, "and if they all start doing it over the Web as a hobby, it is going to have an impact on the big retailers."

What intrigued me most, though, was the third group.

"There is a whole group of people out there," Mr. Bowlin

The New York Times

said, "who like the idea of the 'little guy' competing against Amazon.com. People see Amazon.com as this big impersonal thing. Whereas they like the idea of dealing with a person they know actually exists."

"Even though their contact with me is over the Web, and it is through e-mail, they know when they contact me the answer is coming from a real person, with a real name. I'm a real person, not a virtual person."

In other words, there is still a deep hunger out there for that old-style, Main Street feeling, built on human contact. This suggests that the really successful retailers in the Internet Age will be those who can combine the efficiency of cyberspace with the intimacy of the backyard barbecue.

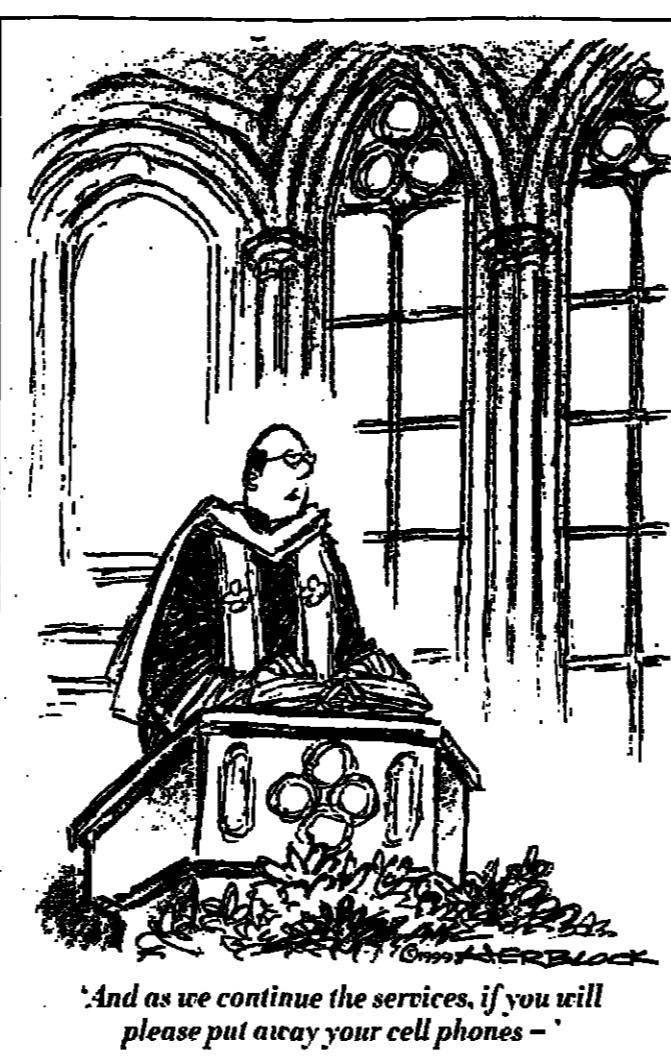
Mr. Bowlin's experience underscores another point: If you think globalization is overrated, you are also wrong. As Mr. Bowlin can tell you, the minute you start to do business on the Web, you have to think globally. You have to think about your customers as global, your competitors as global, your readers as global, your suppliers as global and your partners as global.

"There has never been a commercial technology like this in the history of the world," said Robert Hornsby, deputy chairman of Goldman Sachs International, "whereby from the minute you adopt it, it forces you to think and act globally."

Mr. Bowlin got offers last week to go into partnership with local booksellers in London and Singapore. Whereas before he was doing at best \$2,000 a month in business, since the story about him appeared on the Web he has been doing \$2,000 a day from around the globe. This is enabling him to make improvements to his site — www.positively-you.com — that will make it even more competitive with Amazon.com.

The only downside to his sudden expansion, Mr. Bowlin said, is that he can no longer compete against Amazon.com from his spare bedroom. It is not big enough anymore to serve as his headquarters. "I've had to move the whole operation into the downstairs formal dining room," he said.

As a military pilot, Captain Ashby was responsible for showing good judgment while flying a



A Troubling Verdict

Regarding "Verdict on a Tragedy" (Editorial, March 8):

I read with anger and dismay the editorial concerning the acquittal of Captain Richard Ashby. I can understand a jury of military officers being sympathetic to his case, but not The Washington Post.

His defense was that he was not criminally negligent because he did not know the Italian altitude

restrictions, did not have an accurate map and had an altimeter that may have malfunctioned. The civilian highway equivalent of this argument would be for someone to cause a deadly car crash and claim lack of responsibility because he did not know the speed limit and did not have a map to see the next bend in the road.

The only downside to his sudden expansion, Mr. Bowlin said, is that he can no longer compete against Amazon.com from his spare bedroom. It is not big enough anymore to serve as his headquarters. "I've had to move the whole operation into the downstairs formal dining room," he said.

As a military pilot, Captain Ashby was responsible for showing good judgment while flying a

plane. Did he need to read a rule book or look at an altimeter to know he was 360 feet (110 meters) from the ground in a populated area and should not have been?

I do not see how his superiors can take the blame for what he did in the airplane he was flying. They were not there. Certainly the missing videotape of the flight is another indication that Captain Ashby is hiding something and was probably attempting stunts.

There is an "us versus them" mentality in this case. I am sure that the U.S. military would not carelessly fly fighter jets 350 feet above the mountains in Aspen, Colorado.

ELLEN ROONEY, London

The acquittal of Captain Ashby is more proof that court martialists exist primarily to serve the military establishment.

If the U.S. military is not will-

ing to assume moral responsibility for the deaths of the 20 skiers, the Italians should close the Aviano base from which the planes took off, because the pilots appear to be a public danger. Let them practice their antics over downtown Manhattan, for a change.

BOB COX, Kapellen, Belgium.

"Military justice" in the U.S. Marine Corps is an oxymoron.

JOHN RAY, Fontenay-Trésigny, France.

Homage to an Art Form

Regarding "The Unspoken Art of Cablete" (Meanwhile, March 21 by E.J. Dionne Jr.):

KUDOS ADDITIONNE EX-READER RECALEBEE, UNDOWNHOLD ENCORE SOONEST.

RICHARD PATRICK WILSON, Mobile, Alabama.

discourse, nothing that does not concern private behavior.

When intimates become the center of a society's public discourse, there is only confession and gossip.

What a sea change this is. It was not so long ago that journalists and celebrities, be they politicians or entertainers, observed a strict demarcation between what was intended for public consumption and what was intended to be private. As Humphrey Bogart so pungently put it, all he owed his fans was a good performance.

For years, critics have complained that the steady incursion of the media into the private lives of public figures has eroded privacy until nothing is off-limits.

We know celebrities' addictions and abuses, their romances, finances, health, childhood transgressions, even their psychological needs. In truth, it seems there is little we do not know.

But the point is not that there isn't any privacy left. It is that there is nothing left of what used to be called the "public."

The constant revelation of the private has reduced the public and gradually usurped it until there is really no public life anymore. There is little serious public

personal dysfunction or displaying personal dysfunction as Ms. Walters sat there, with the rapt eagerness of a dog begging for table scraps. We learned about Ms. Lewinsky's romantic travails, her lack of self-worth, her self-admitted sensuality, her flirtations, her depressions.

Lest all this seem stale, Ms. Walters promised a new "startling revelation," which turned out to be that Ms. Lewinsky had had an affair with a Pentagon official, had become pregnant and then had an abortion. In short, Ms. Lewinsky had turned her deepest secrets into a tease for her interview and book.

She and Ms. Walters did the same thing for Mr. Clinton, making the private public and thus brutally shoving aside anything that did not concern the private. So we got a peek behind the public man: at his marriage, his broken pledge of fidelity, his talents as a lover. Mr. Clinton was treated as if he were just another of Ms. Walters's movie-star subjects, for whom the actual work, the film, was much less exciting than the life. After all, who wants to talk public policy when you can talk phone sex?

In a sense, Ms. Walters is just a highfalutin version of the tabloid TV talk-show host Jerry Springer, the only real difference being that her guests have name recognition and he does not. Otherwise, Ms. Walters and Mr. Springer and Oprah Winfrey and Vanity Fair and People are all in the same business: voyeurism.

It has come to that. An estimated 70 million viewers watched the Lewinsky interview and millions of others are rushing to buy her tell-all book, making us the first generation of Americans to know as much if not more about our president's sexual habits than about his policies.

Nearly 25 years ago, in his classic study "The Fall of Public Man," the sociologist Richard Sennett, fearing the rise of personal confession and psychobabble, warned that this might happen. Now, in a society that is all secrets all the time, we have fulfilled his prophecy.

The writer, author of "Winchell: Gossip, Power and the Culture of Celebrity," contributed this comment to the Los Angeles Times.

Doing Away With Public Life

By Neal Gabler

But the death of the public was not only demonstrated by the content of Ms. Lewinsky's interview. If anything, it was even more powerfully demonstrated by her attitude and that of Ms. Walters.

Ms. Lewinsky seemed positively giddy playing the role of star, finally allowed to step out from behind the screen to show her fans her "true" self. Having assumed the celebrity persona, she engaged in self-analysis, rummaged her childhood for keys to her behavior, delivered the requisite secrets and even broke down on cue, turning every intimacy and emotion into public fodder. What this showed is that when it comes to her public life, Ms. Lewinsky does not have one: All she has is her private life, publicly displayed.

Of course, Ms. Lewinsky is only a symptom. She realized that in a culture where celebrities are vying for attention, one of the best ways to get it — one of the only ways to get it — is by divulging all.

Other celebrities sit for Ms. Walters or for Vanity Fair, knowing that the transaction is publicly for secrets, because they know that few people really care about what little remains of the public: their work.

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The writer, author of "Winchell: Gossip, Power and the Culture of Celebrity," contributed this comment to the Los Angeles Times.

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One's Company, Two's a Crowd

Star System Revisits the Classics

By Sheridan Morley
International Herald Tribune

LONDON — To be or not to be a permanent company? Just as we lose the Peter Hall company at the Piccadilly, just as Trevor Nunn launches, on all three stages of his National Theatre, the first residential season to play on the South Bank for almost 20 years (with a group of actors on yearlong contracts in everything from "Troilus and Cressida" to "Candide"), and just as the Royal Shakespeare Company faces up to the agonizing choice it has to make between big stars on necessarily short-term contracts for one show each, or a team of lesser players willing to stay longer, we get two useful West End reminders of the dangers of the old star system in the classics.

First (reviewed here recently), the Robert Lindsay "Richard III" at the Savoy, a weird music-hall turn in which the star seems to prefer working with the audience rather than his fellow players, and now the Rufus Sewell "Macbeth" at the Queen's, where again the effort to get his name on the poster seems to have exhausted all other thoughts about how and why the play should be conceived for the contemporary West End.

We are now, amazingly, back to where Donald Wolfit left us about 50 years ago: one big star doing his thing, with precious little money left over for scenery and costumes and a supporting cast that appears to have been instructed to watch politely from the sidelines, not so much acting as being acted at.

Essentially it becomes Ego-Shakespeare, and we are all the losers. For his Shaftesbury Avenue debut as a director, John Crowley has chosen to give us a minimalist regional studio-staging that might just about get by somewhere miles from anywhere and starved of Shakespeare, but looks decidedly cheap at West End prices. Sewell is indeed charismatic as Macbeth, recalling an odd hybrid of the young Oliver Reed and the young Albert Finney, but he gets very little support, even supposing he were willing to look for it, from Sally Dexter's curiously wan and underpowered Lady Macbeth and a supporting cast of catastrophic weakness, many of the players seeming to have strongly Irish rather



Rufus Sewell as Macbeth and Sally Dexter as Lady Macbeth at the Queen's Theatre.

than Scots accents.

As for Jeremy Herbert's set, virtually nonexistent in the first half, it comes to consist in the second of an indoor swimming pool for Macbeth's castle and a black cardboard box that entraps Macbeth until, intentionally or not, he puts his foot through its cardboard side in a fit of rage, whether at the production or his imminent defeat is not clear.

No coherent style here of any kind, no pace, no danger, no context, no sense of the company's having come together in rehearsal with any idea as to why they are doing this particular play at this particular time or what they wish us to learn about it. The aim is a tawdry showcase for Sewell, aimed perhaps at his younger movie fans.

The trouble with that idea is, as usual, that Sewell's people aren't much going to care for Shakespeare, while those who go for the Shakespeare will be underwhelmed by what Sewell does with the text.

If the hope was of a post-modernist event that would somehow transcend the normal laws of Shakespeare and appeal over the heads of the usual audiences and critics to a whole new constituency of theatergoers, I have to say I don't see this becoming a reality at the Queen's. In abandoning all the usual props, in casting a company that seems often unfamiliar not just with the verse but with how the drama might be going to end, Crowley has turned his back on the play as well as those who pay to see it.

The result is a production of quite stunning inefficiency and arrogance, in which scenes are alternately gabbled and dawdled as if that alone would guarantee pace or energy. A vague attempt is made at crosscutting, so that scenes start just as others are ending, and in this stolid workshop run-through only the old trouper Peter Bayliss as the



THEATER

"Much Ado About Nothing" that was a genuine revelation of a somewhat overproduced text. Since then on film there has been some Shakespeare strongly indicating that a crossover from movie stars to classic stage is no bad thing. But there still has to be some sort of guiding intellect, a frame within which the play can either be celebrated, reconsidered or in some way brought back to immediate theatrical life, and here all that is sadly lacking.

No Thanes for the memory, just a slipshod shambles in which the three witches come on looking as though they are about to appear in a musical version of "The Crucible." Not so much tomorrow and tomorrow and tomorrow, more like the day before yesterday.

BOOKS

THE RETURN OF LITTLE BIG MAN

By Thomas Berger: 432 pages.

\$25. Little, Brown.

Reviewed by Michael Dirda

TO READ a sequel to a favorite novel is to ask for disappointment. Instead of taking the new book on its own terms, we constantly find ourselves comparing it with its illustrious forebear.

I still could not resist reading Thomas Berger's "The Return of Little Big Man," in part because of my deep love for "Little Big Man" (1964).

That immensely engaging Western epic — surely an American classic — recounts the picaresque adventures of Jack Crabb, a preacher's son reared by the Cheyenne, who becomes the only white survivor of Custer's Last Stand. Narrated by Crabb in a voice like that of an aged Huckleberry Finn, it stands securely as one of the best works of fiction of our time — funny, humane, tragic, altogether magical.

As it stands, "Little Big Man" is just about perfect. But an epilogue — written by the supposed editor of Crabb's memoirs, Ralph Fielding Snell — hinted that there might be more adventures to come. "The Return of Little Big Man" describes another period of Jack Crabb's colorful life, from roughly his mid-30s to his early 50s.

In these years Jack manages to witness, some of the most cinematic moments of Western history: In Deadwood, for instance, he is hired to guard Wild Bill Hickock's back while the gunfighter plays poker, but fails to prevent his friend from being

shot dead. He palls around with the charismatic Bat Masterson in Dodge, avoids a hateful Wyat Earp and Doc Holliday in Tombstone, watches the gunning down of the McLaurys and Billy Clanton at the O.K. Corral.

For a while he tends bar in a whorehouse, then gives up that well-paying job to teach at a religious boarding school for young Indians. At this last Jack falls in love with a severe young teacher, Amanda Teasdale, but is too shy to speak to a lady so obviously superior to him in every way. Though realistic and even cynical about most aspects of life, in both books Jack tends to sentimental idealism when it comes to women. Eventually, following a compromising moment in the girls' dormitory, Jack flees the Indian school and joins Buffalo Bill's Wild West show.

Buffalo Bill's flair for self-mythologizing sounds rather like these very memoirs, or at least those of "Little Big Man," which framed its narrative so that readers remained uncertain whether Jack was telling the truth or one whopper after another. "The Return" plays down that ambiguity, and we are meant to take Jack's accounts as gospel.

And this, in its way, is where the book runs into trouble. Berger faithfully recreates Jack's ingratiating voice but shifts the focus from Story to History. That is, in "Little Big Man" we follow Jack's own disaster-prone life as one of history's bystanders, with occasional glimpses of famous people along the way. In "The Return," though, Berger piles on the historical figures and events, so that Jack seems merely a device to carry us from one celebrated

name or exploit to the next. As a result, though having clearly done an enormous amount of research on the American West and Buffalo Bill's travels, Berger never develops a compelling plot, one with action, dialogue and suspense. Instead he trots out accounts of Wyatt Earp's viciousness and Annie Oakley's married life or descriptions of the Chicago World Fair.

Berger does struggle with this problem: To add narrative energy to the novel he imagines Jack trying, unsuccessfully, to tell various people the truth about the battle of the Little Big Horn. To add warmth, he gives Jack a mangy and devoted dog to love. Eventually, he even brings back the high-toned beauty Amanda Teasdale and makes her reappearance in Jack's life something of a leitmotif. But that relationship takes too long to flower, and there are stretches when the novel seems a chronology of Buffalo Bill's triumphs in America and Europe.

And yet there are wonderful things in "The Return of Little Big Man": the death of Sitting Bull, a brilliantly written

ten scene of pathos, nobility and senseless slaughter; the amusing visit of Edward, Prince of Wales, to the Wild West show; the growing tenderness between Jack and Amanda; the high-flown rhetoric of Buffalo Bill.

But there aren't enough of them. One tires of the drunken and unfunny floozy Katie Elder, of Jack's strange devotion to Custer's widow, of much seemingly pointless local color.

Moreover, the occasional wink toward the contemporary sensibility was jarring: A wealthy young ne'er-do-well who gets away with murder is named Kennedy; conflicts erupt at the Indian school over using English instead of native languages. All these can be defended as factually accurate, but one senses the author's slightly heavy hand. Any historical novel is likely to be a reflection on the present, but that reflection should be more subtle and indirect.

"The Return of Little Big Man" is just too painstaking and earnest to be other than a novel for devoted fans. But I was glad to hear Crabb's inimitable voice one more time.

Washington Post Service

BEST SELLERS

The New York Times		3 PERFECT MURDER, TOWN, by Lawrence Schiller	
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.		4 BLIND MAN'S BLUFF, by Sherry Dohring and Christopher Dohring, with Annette Lawrence Drew	3 14
FICTION	Last Week, Weeks on List	5 THE ART OF HAPPINESS, by the Dalai Lama and Howard C. Cutler	4 7
1 THE TESTAMENT, by John Grisham	1 3	6 TRAVELING MERCIERS, by Anne Lamott	8 4
2 SOUTHERN CROSS, by Patricia Cornwell	2 6	7 BEHIND THE FADES, by Anne Lamott	6 3
3 RANSOM, by Julie	3 6	8 JUMB IS FOREVER, by Lady Stendhal	7 3
4 SEND NO FLOWERS, by Sandra Brown	3 7	9 PLAYING FOR KEEPS, by David Halberstam	6 4
5 A MAN IN FULL, by Tom Wolfe	4 16	10 THE CENTURY, by Peter J. Guralnick and Todd Brewster	5 14
6 THE POISONWOOD BIBLE, by Barbara Kingsolver	5 19	11 CONVERSATIONS WITH GOD: Book 1, by Neale Donald Walsch	9 113
7 A MILLION, by Tim Powers	13 2	12 THE PROFESSOR AND THE MADMAN, by Steven S. Kellman	11 23
8 HARRY POTTER AND THE SORCERER'S STONE, by J. K. Rowling	6 11	13 CONVERSATIONS WITH GOD: Book 3, by Neale Donald Walsch	15
9 BE COOL, by Elmore Leonard	14 2	14 THE ENDURANCE, by Caroline Alexander	10 12
10 A SUDDEN CHANGE OF HEART, by Barbara Kingsolver	11 2	15 ANGELA'S ASHES, by Frank McCourt	115
11 DANGER'S PATH, by W. B. Griffin	8 6	ADVICE, HOW-TO AND MISCELLANEOUS	1 4
12 SEIZE THE NIGHT, by Don DeLillo	9 8	1 HOW TO GET WHAT YOU WANT AND WANT WHAT YOU HAVE, by John Gray	1 4
13 DUST, by Sue Miller	9 8	2 SLEEP WITH STRANGERS, by H. Leighton Smith	2 35
14 BILLY STRAIGHT, by Jonathan Kellerman	10 10	3 THE 9 STEPS TO FINANCIAL FREEDOM, by Suze Orman	45
15 AMSTRODAM, by Ian McEwan	14 2	4 LIFE STRATEGIES, by Philip C. McGraw	3 6

FICITION

NONFICTION

1 THE GREATEST GENERATION, by Tom Brokaw

2 TUESDAYS WITH MORRIE, by Mitch Albom

3 THE 9 STEPS TO FINANCIAL FREEDOM, by Suze Orman

4 LIFE STRATEGIES, by Philip C. McGraw

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Latin America Market Review

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Herald Tribune
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The Battle of the Operas

Comique in Paris Is Laying Claim to Its Old Repertoire

By David Stevens
International Herald Tribune

PARIS — The Opera Comique is treating itself to a 100th birthday party this season. Not that the institution or the art form is only that old — 300 years would be more like it.

It actually marks the anniversary of the opening of the third Salle Favart on Dec. 7, 1898, rebuilt after the second theater on the same site had been destroyed by fire in 1887, with much loss of life and records.

But any excuse for a celebration is a good one, and this can be taken as a sign of life after a century that began with some glorious years followed, in the last half century, by periods that saw the Comique on the brink of extinction:

The company was in good health as the century began, with premieres of Carpenter's "Louise" (1900), Debussy's "Pelleas" (1902) and Ravel's "L'Heure Espagnole" (1910). The not so good years began in 1940, when the Comique was placed administratively under the same direction as the Paris Opera. The Comique was treated thereafter as a poor relation, losing some of the gems of its traditional repertoire (among them "Carmen," "Tales of Hoffmann," "Pelleas," "Tosca," "Bohème") to the bigger house.

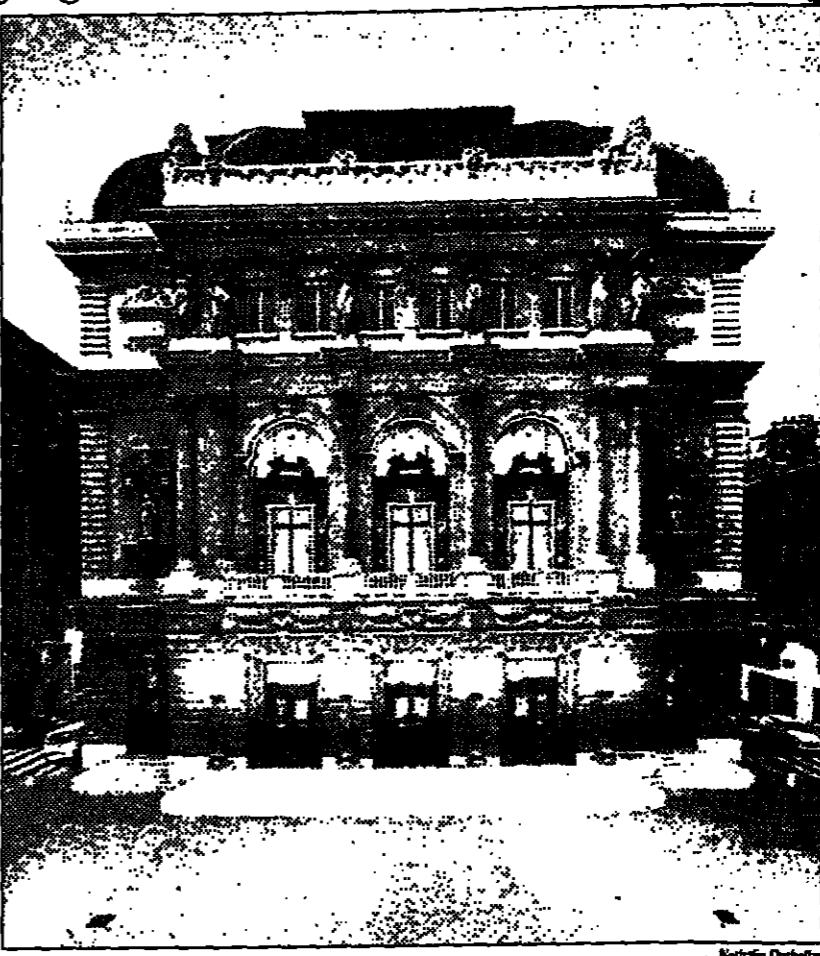
But it is still in business, albeit on a skimpy budget, but once again autonomous and with a loyal public that still fills the seats more often than not despite the customary absence of starry casts.

Under its current director, Pierre Medecin, the Comique has become feisty, going head-to-head with the Opera on repertory. Last season, the Comique exercised its claim to "Pelleas et Melisande" in a new staging, and this year it gave its public an alternative "Carmen" to the one at the Bastille.

These two works had their world premieres at the Opera Comique, which is not the case with the latest new production, "Don Giovanni," which is also scheduled for a new staging at the Bastille later this season. The Opera has a longer history with Mozart's masterpiece, but the Comique is not far behind historically — having first done it in 1896 with the great Victor Maurel (Verdi's original Iago and Falstaff) in the title part.

The new production is hardly a traditional one, but it is lively and imaginative, even jokey, staged and designed by Philippe Arlaud, an experienced French theater man now based in Vienna.

Arlaud's historically neutral set dispenses with architecture, using a set of sliding, brightly colored panels to create



The Salle Favart, which is celebrating its 100th anniversary.

was a splendid Don, with a sumptuous lean and vibrant baritone. The double casting for the role included several singers from the Comique's permanent troupe and its Jeune Théâtre Lyrique. At the performance in question they included Elena Mosuc as Donna Anna, Sandra Zeitler as Elvira, Karine Oharyan as Zerlina, Philip Sheppard as Don Ottavio, Emanuele Guidotti as Masetto, Thierry Felix as Leporello and Svetosar Rangelov as the Commendatore. Young, but well cast, they should all be heard from again.

Andreas Uhlmann's costumes also avoided a specific time frame and contributed to the vaguely comic-strip atmosphere. The Don is in white-face and dressed in a floor-length white fur robe and a white fedora, while Leporello looks like a hotel porter in black. Donna Elvira's bright yellow robe is decorated with red appliquéd handprints in sexually suggestive places, but they gradually disappear as the denouement approaches.

It seems that no one sends the Don to Hell through a trap anymore. Here the Commendatore's statue places a pistol in the Don's hand — but it is a pistol from Hell that takes on a life of its own before going off with its fatal result.

Denis Sedov, tall, thin and demonic,

was a splendid Don, with a sumptuous lean and vibrant baritone. The double casting for the role included several singers from the Comique's permanent troupe and its Jeune Théâtre Lyrique. At the performance in question they included Elena Mosuc as Donna Anna, Sandra Zeitler as Elvira, Karine Oharyan as Zerlina, Philip Sheppard as Don Ottavio, Emanuele Guidotti as Masetto, Thierry Felix as Leporello and Svetosar Rangelov as the Commendatore. Young, but well cast, they should all be heard from again.

Later this season, the Opéra Bastille will present its new production with a heavy-weight cast headed by Bryn Terfel and Jose Van Dam as the Don and Leporello. No matter — the Comique has shown that there is room for more than one "Don Giovanni" in the same Paris season.

PARIS FASHION

At Dior, Back to the Bourgeois

By Suzy Menkes
International Herald Tribune

PARIS — The gentrification of John Galliano is wondrous to behold. It seems only a moment since the fantastical imagination of the British designer spilled over his Dior shows, from the spun-sugar hair confetti to the boudoir decor.

All that was reduced Tuesday to a trio of abstract African sculptures, Modigliani masks — and a bunch of knits.

Sure the sweaters were grandiose: giant巫婆 bobbles of Aran stitching or feathered effects on bold shapes that sloped over narrow sand-beige skirts.

But seen 10 — seen 'em all. And they kept coming, even in glitter knit over the designer's bias-cut dresses, which are still graceful, but now drained of their louche, sinuous, sensual appeal.

So, strong knits. But what about clothes for work? Overalls, backless with (you guessed it) knits. For lunch? Smart A-line Prince of Wales tailoring with (don't even ask). On beautifully crafted perforated suede dresses. Many skirts had ribbed stitching from the knees (for matrons to shorten).

مكتاب الأصل

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, MARCH 10, 1999

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Sony Comes To Grips With Digital Era

A Showdown Looms With Big PC Makers

By John Markoff
New York Times Service

SAN JOSE, California — Sony Corp. may have announced a sweeping overhaul of the company's identity Tuesday. But the transformation of Sony — and the battle for control of the future of computing between the personal-computer industry and consumer-electronics manufacturers began as early as July 1995, shortly after Nobuyuki Idei became chief executive of the Japanese giant.

Briefing Mr. Idei on the importance of the Internet, Peter Sealey, a Sony consultant, noted that the year before, the dollar volume of PC sales had surpassed that of television sales in the United States for the first time.

"He stopped the meeting and challenged my data," Mr. Sealey recalled. "I think it was a shock to him that this had happened."

But if Mr. Idei's education about the rapidly expanding world of personal computing was abrupt, Sony's conversion to a digital products strategy has been complete.

On Tuesday it announced a transformation in the company's identity

Mortal Kombat

As the personal computer and consumer electronics industries converge, Sony and Microsoft find themselves clashing in a number of markets. At the core of the fight are rival operating systems — Sony's new Aperios software and Microsoft's Windows CE. But there are also rival philosophies. Microsoft thinks that the desktop PC will be the control center for a home's digital appliances. Sony says the brainpower will be in the appliances themselves, making the home PC obsolete.

from a manufacturer of consumer electronics to a provider of digital network services, a plan that it said would eliminate 17,000 jobs and close 15 manufacturing plants around the world.

For decades the world's pre-eminent consumer electronics maker, Sony has now realized that its core business is being profoundly transformed by digital electronics in ways that pose both opportunities and threats.

In a huge strategic shift for a company that long relied on the elegance of its industrial design and the prestige of its brand name, Sony has come to recognize, its executives say, that a new era is arriving in which clever software, above all else, will determine whether products from televisions to telephones

INTERACTIVE TELEVISION
The initial battleground is a new set-top box that will be available to some cable subscribers later this year. Cable operators will decide whether to install Aperios, Windows CE or other software.

Proj. units sold, 2002: 7.8 MILLION
Proj. units sold, 2002: 14 MILLION

Sources: Yankee Group; International Data Corp.; Forrester Research Inc.

DIRECT BROADCAST SATELLITE TELEVISION
Within a year, the first TVs with built-in satellite receivers will be on sale, pitting Aperios and Windows head to head.

Proj. units sold, 2002: 6.8 MILLION
Proj. units sold, 2002: 12.5 MILLION

Sony next year will sell PlayStation II, a new version of its game system that can serve as a Web browser and play music and video disks. Sega's new Dreamcast machine will use Windows CE.

"SMART" PHONES
Sony and Microsoft have alliances with Qualcomm to develop phones that can download from the Web, keep calendars and electronic phone books and otherwise mimic PCs.

Proj. units sold, 2002: 12.5 MILLION
Proj. sales, 2002: \$1.6 BILLION

Microsoft sells interactive versions of Barney and other characters, powered by Windows CE. Sony will soon sell robot "pets" controlled by Aperios.

Bundesbank Cites Fall in Joblessness

Bank Puts German Rate At 2½-Year Low of 10.5%

Compiled by Our Staff From Dispatches

FRANKFURT — The unemployment rate fell to a two-and-a-half year low of 10.5 percent in February, Bundesbank figures showed Tuesday, indicating that the global economic slowdown had not yet hit the job market in Europe's biggest economy.

Seasonally adjusted figures showed the jobless total fell by 6,000, compared with a drop of 66,000 in January, when the jobless rate was 10.6 percent.

The figures show that the German labor market "wasn't affected as much by the global slowdown as we expected," said Holger Fahrmeier, an economist at Warburg Dillon Read. "There will be less pressure on the ECB to cut rates," he said, referring to the European Central Bank.

Still, the jobs report is unlikely to take pressure off Chancellor Gerhard Schroeder, who was elected last year after pledging to slash unemployment — especially as the government's own jobless figures, which unlike the Bundesbank numbers are not adjusted for seasonal variations, showed unemployment rose to 11.6 percent from 11.5 percent.

Economists said unemployment in Germany could rise in coming months as a result of union-negotiated contracts that will increase wages above the rate of inflation for millions of workers.

Some of the jobs that were created were the result of government-funded programs, analysts said. Meanwhile, many companies have said they are reluctant to hire.

Economists said the German economy, which shrank by 0.4 percent in the final quarter of 1998 from the third quarter, was struggling to create new jobs.

Consumer spending, however, is still buoyant in both Germany and France, economic reports have shown.

The consumer confidence index in France was unchanged at minus seven in February, the same as in January and the highest in the 12 years that the index has existed, a government report released Tuesday showed. Consumer spending accounts for about 60 percent of gross domestic product in France.

(Bloomberg, Reuters)

Imitating Automakers, Aerospace Goes 'Lean' to Gain Efficiency

By Andrew Pollack
New York Times Service

CHULA VISTA, California — Two years ago, the aerospace division factory of B.F. Goodrich Co. fell so far behind schedule producing parts for the new Boeing 737-700 that Boeing Co. threatened to terminate the contract.

"We had rags of Boeing people coming down here helping us get on schedule," recalled Martin Lodge, an executive at Goodrich.

Today, Boeing people are still coming

— but to help get themselves back on schedule. This factory has significantly improved its efficiency using so-called lean production, the collection of techniques first perfected by Toyota Motor Corp. And Boeing, facing serious production problems of its own, has sent more than 300 people here to learn how it's done.

A decade after American automakers and many other companies began adopting just-in-time delivery and other "lean" manufacturing techniques, the aerospace industry is embracing the

INTERNATIONAL MANAGER

concept to cut costs in the face of reduced military spending and stiff competition from the European commercial-aircraft maker Airbus Industrie.

Executives are now bandying about Japanese terms such as *kaizen* (continuous improvement) and *kanban* (the just-in-time system), and they are applying them well enough to achieve some startling efficiency gains in an industry long known as much for high costs and waste

ful procedures as for cutting-edge technology.

At the Boeing factory in Long Beach, California, for instance, production of the C-17 military transport has been doubled in the past three years without an increase in staffing. That has helped save the Pentagon hundreds of millions of dollars, said Richard Harstad, the Air Force's chief of manufacturing and quality for the C-17.

Industry executives and analysts said aerospace manufacturers had lagged in adopting lean techniques mostly because

Pentagon contracts generally reimbursed them for their costs and they have been insulated from the foreign competition that has hit other industries.

"The automobile industry had the advantage, if you can call it that, of an early threat," said Thomas Allen, a professor of management at Massachusetts Institute of Technology who is co-director of the Lean Aerospace Initiative, an MIT program supported by the Air Force and many aerospace companies to spread

See AEROSPACE, Page 14

Intel Shies From Courtroom Fisticuffs

By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — Their products run most of the world's personal computers. Their chairmen are among the best-known industry leaders of our time. Their senior employees have all become millionaires.

But when it comes to dealing with antitrust issues, the computer chip giant, Intel Corp., has decided that it does not want to go down the same path as the software giant Microsoft Corp.

On Monday, the eve of its trial, Intel agreed to a settlement of charges brought against it by the Federal Trade Commission.

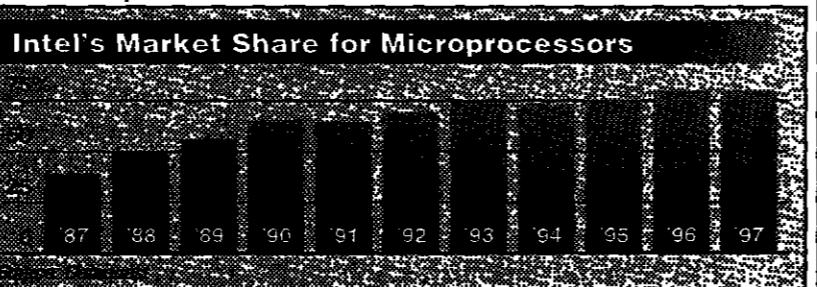
At issue was Intel's refusal to share technical details of its microprocessor chips with companies that build computers unless those companies agreed to turn over their own technologies in exchange. The government suit asserted that such practices violated federal antitrust law.

As part of the proposed deal, Intel agreed to abide by an order that prohibits it from pressuring computer manufacturers to turn over their own technology in exchange for technical information about Intel's chips, people involved in the case said.

Although government officials and Intel executives said they could not disclose the precise terms of the proposed settlement until it had been formally submitted to the Federal Trade Commission, officials did say that it achieved the purpose of the lawsuit.

The commission sought to establish a principle, and the staff believes the proposed agreement achieves that goal, "said Victoria Streifeld, the agency's chief spokeswoman. "The staff got the relief it wanted."

In its legal battle with the Justice Department and 19 states, Microsoft has refused to cede an inch — no matter what the fallout. In negotiations before the suit was filed, the company indicated



to government lawyers that it would be unwilling to make any significant changes to its dominant Windows operating system, the software at the center of the dispute.

As its trial began, Microsoft refused to apologize for the sometimes-tough language its employees have used in internal electronic mail messages to describe competitors, telling the judge hearing the case that "the antitrust laws are not a code of civility in American business."

That brash attitude, on a few occasions, appears to have irritated the federal judge hearing the case and has led to a spate of negative publicity outside the courtroom.

And because the government has expanded its case from a narrow dispute over Internet browsers to a broad assault on the company's business practices, Microsoft also could face the prospect of aggressive sanctions should it lose. This could take the form of a corporate breakup or a forced disclosure of the computer code that makes up Windows software.

Those are risks, it appears, that Intel did not want to take.

By announcing that it will settle, Intel, already reeling from criticism about privacy problems with its new Pentium III chips, faces a weeks-long stream of bad press as competitors allege they have been roughed up by the company. Intel also will not risk being declared a monopoly by the commission, a finding that could open the door to a host of private

CURRENCY RATES

March 9 Other Dollar Values

March 9

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New York (n)	1.6150	—	2.3668	195.98	2.4487	11,0234	474.76	12.426	1.0234	1.0234	1.0234	1.0234	1.0234	1.0234
Tokyo	121.50	195.98	83.15	—	80.04	17.92	0.4	14.81	1.0234	1.0234	1.0234	1.0234	1.0234	1.0234
Toronto	1.5159	2.446	1.0289	1.2489*	—	0.5726*	0.185	1.0234	1.0234	1.0234	1.0234	1.0234	1.0234	1.0234
Zurich	1.4674	2.3681	—	1.2087	1.0287	21.4674	0.4964*	1.0234	1.0234	1.0234	1.0234	1.0234	1.0234	1.0234

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Source: Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); Bank of America (New York); IMF (March); Other data from Reuters.

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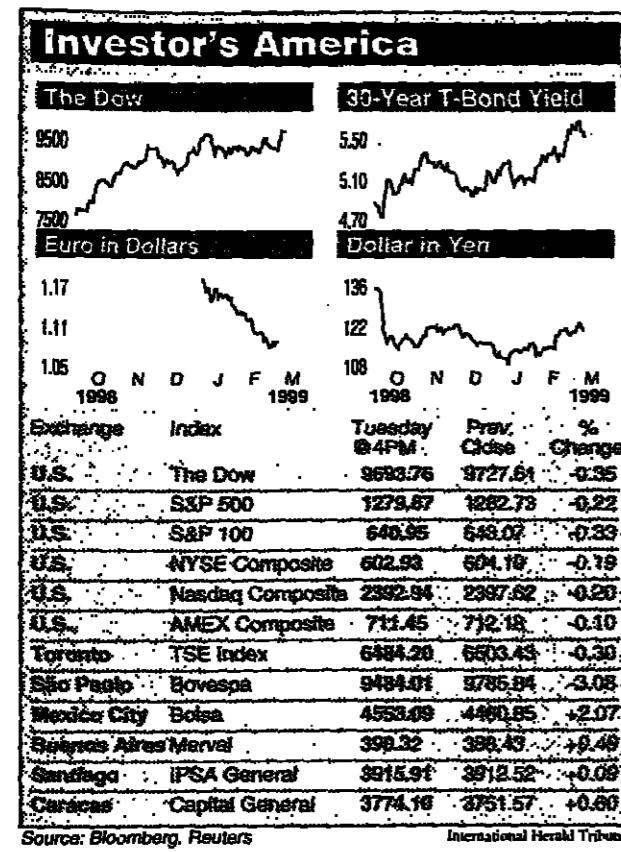
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THE AMERICAS



Earnings Fears Hit Tech Stocks Despite Microsoft Surge

Compiled by Our Staff From Bloomberg

NEW YORK — Stocks fell Tuesday amid speculation that the earnings of some leading technology companies would be disappointing.

But Microsoft stock surged on a report it was seeking to settle its lawsuit with the government.

The Dow Jones industrial average closed 33.85 points lower at 9,693.76. The Standard & Poor's 500 fell 2.89 points to 1,274.84. The Nasdaq composite, which contains many technology issues, dropped 4.68 to 2,392.94. Losing issues beat gaining ones by a 3-to-2 ratio on the New York Stock Exchange.

Microsoft, which surged 2 13/16 to 161 13/16, had led technology shares higher earlier. The Seattle Times, citing unidentified people close to the

U.S. STOCKS

situation, reported that the company and the government were exploring ways to settle antitrust charges.

But after the chipmaker Advanced Micro Devices said it would cut 300 jobs and post a fourth-quarter loss because of production glitches, speculation emerged the market leader, Intel, also would issue a profit warning. AMD fell 1 7/16 to 179 1/2.

The price of the benchmark 30-year Treasury bond rose 28/32 point to 95 30/32, pushing its yield down to 5.53 percent from 5.59 percent.

Intel

Intel fell 4 5/16 to 115 5/16. The bond market was bolstered after the chairman of the Federal Reserve Board, Alan Greenspan, said in a speech that the U.S. economic expansion was "exemplary."

"Growth of output has remained vigorous," he said. "Unemployment is lower than it has been in nearly 30 years, and yet, despite the tautness in labor markets, there have been no obvious signs of emerging inflation pressures."

The price of the benchmark 30-year Treasury bond rose 28/32 point to 95 30/32, pushing its yield down to 5.53 percent from 5.59 percent.

Alcoa, the world's largest aluminum producer and a Dow component, fell 1 13/16 to 37 1/4. The No. 2 producer, Alcan Aluminum, said first-quarter profit would be less than expected because of low prices and a recession in Brazil. Alcan fell 2 1/2 to 23 11/16.

Lycos soared 12 1/2 to 96 1/4 after the chief executive of CMGI, David Wetherell, quit. The Internet search service's board, saying the terms of Lycos' pending acquisition by USA Networks were inadequate. CMGI, a venture capital company, is the largest shareholder of Lycos.

(Bloomberg, Reuters)

IMF Sets Tough Conditions for Brazil

Compiled by Our Staff From Bloomberg

RIO DE JANEIRO — A revised loan agreement between the Brazilian government and the International Monetary Fund commits Brazil to more stringent conditions for receiving \$9 billion in further aid.

The new accord, announced Monday after more than a month of talks, requires Brazil to produce a bigger budget surplus than

was initially agreed upon and restricts the central bank's ability to spend dollars defending the value of the real, the national currency.

It also requires Latin America's largest economy to speed up the privatization of nationally

owned businesses.

Brazil and the IMF originally signed a \$41.5 billion rescue package in November aimed at helping the country avoid the kind

of economic collapse that has ravaged Asia and Russia. The accord was aimed at getting Brazil to reduce spending and ease increasingly burdensome debts.

But the Brazilian decision in January to end controls that had kept the value of its currency artificially high against the dollar led to a decline of nearly 40 percent in the currency's value. This caused increases in interest rates and inflation and required a resetting of the IMF's targets.

The new deal calls for Brazil to increase its budget surplus, excluding interest payments on debt, to 3.1 percent of the gross domestic product, compared with 2.6 percent agreed upon previously.

It also requires Brazil to reduce overall public debt to a level below the 46.5 percent of the gross domestic product specified in the original agreement. The new level has not been specified.

Some economists said the goals were plausible and that the mere fact that a deal had been struck should help calm investors.

The market reaction Tuesday was mixed. The real gained, with the dollar falling to 1.93 reals from 1.97 on Monday. But the Bovespa stock index fell 3.03 percent.

(NYT, WP, AFP)

BATTLE: Sony Grapples With Digital Era

Continued from Page 13

signers sniff that the PC is the obsolete "mainframe" of the home.

Instead, they envision homes in which dozens, even hundreds, of smart appliances are seamlessly interconnected, perhaps without a PC involved at all.

"Microsoft is going to have to change their business model to be effective in the world of consumer electronics," said Mario Tokoro, the computer scientist who is president of Sony's Information Technology Laboratories and a top adviser to Mr. Scaley on computing and networking issues.

The system envisioned by Sony would let the consumer control a digital videocassette recorder from the television set, or vice versa — or control them both from a cellular phone.

In recent demonstrations, the company has shown an integrated audio and video system tied together by I-link, a high-speed digital connection to the cable box.

It will allow people to watch movies on demand, pause a live basketball game in mid-jump shot to go to the kitchen for a sandwich — then watch the rest of the game on delay — or transmit a home video to a friend on the other side of the country.

Moreover, the new PlayStation II, introduced last week and scheduled to arrive in the United States next year,

would connect to the network, serving as a digital versatile disk, or DVD, player, and perhaps even as a cable set-top box.

The collision of these competing visions has resulted in what one Sony executive calls a "strategic dance." Publicly, Sony has announced ambitious strategic alliances with Microsoft in the last two years to design consumer electronics products. It has been quietly reshaping itself into what is likely to soon become Microsoft's most dangerous competitor.

"The relationship is fearful and respectful and wary," said Mr. Scaley, the consultant to Sony.

One measure of Sony's commitment to a digital future is that by the end of next year, it plans to employ an equal number of software and hardware engineers, according to Akikazu Takeuchi, president of Sony's Platform Software Development Center, which has recently built software laboratories in Japan, Europe and the United States.

The outlines of Sony's new software-centric strategy are already clear at the company's vast development and marketing center in Silicon Valley.

A rapidly growing group of software-programmers is putting the finishing touches on an operating system called Aperios, which is intended to control digital TVs, cellular phones — even robot "pegs" that Sony plans to introduce this year.

Very briefly:

• H.J. Heinz Co.'s third-quarter earnings fell 35.9 percent, to \$120.6 million, after the company took a restructuring charge and had related costs primarily for consolidating the company's Ore-Ida Foods and Weight Watchers Gourmet Food Co. units.

• Venture Holdings Trust, a U.S. maker of automotive plastics, agreed to buy a car parts unit of Germany's Klockner-Werke AG for \$85 million. Deutsche marks (\$473.6 million) to add European clients to its U.S. customer base.

• Red Hat Software Inc., a closely held company that sells a version of the Linux operating system, said Compaq Computer Corp., International Business Machines Corp., Novell Inc. and Oracle Corp., each took minority equity stakes in the company. Financial terms were not disclosed.

• Borders Group Inc.'s fourth-quarter profit rose 9.9 percent, to \$86.7 million, on strong sales at its biggest bookstores.

• General Electric Co., the owner of NBC, is buying a 19.9 percent stake in ValueVision, a home-shopping cable network, for \$56 million.

(Bloomberg, AP, NYT)

Fluor Cuts Back to Lift Profits

Reuters

IRVINE, California — Fluor Corp., the worldwide engineering and construction company, said Tuesday that it planned to reorganize, cutting 5,000 jobs and taking a charge against earnings, in a bid to lift profits.

The company has about 61,000 employees. It said it would reduce its customer roster by about 2,000, which is expected to reduce sales but

increase earnings.

Fluor will be organized into four business groups: Fluor Daniel, its engineering, procurement and construction business; A.T. Massey Coal Co.; Fluor Global Services and Shared Services, which will deliver essential services to company units.

Fluor Daniel will close 15 offices and take a second-quarter charge of \$130 million.

Yen Rises Against Dollar

Bloomberg News

NEW YORK — The dollar fell against the yen Tuesday as expectations for rising interest rates in Japan increased the allure of yen-denominated investments.

The yield on the benchmark Japanese government bond maturing in 2008 rose seven basis points, or hundredths of a percentage point, to 1.7 percent after the governor of the Bank of Japan, Masami Hayami, suggested Japanese interest rates might rise.

Mr. Hayami, speaking before the Finance Committee of the lower house of Parliament, said, "It's fully possible that Japan's interest rates will go up."

The euro was little changed against the dollar, rising to \$1.0894 from \$1.0885.

The pound rose to \$1.6190 from \$1.6080.

The dollar rose to 1.4668 Swiss francs from 1.4631 francs.

FOREIGN EXCHANGE

from bring money back to Japan and investing it there.

In 4 P.M. trading, the dollar fell to 121.150 yen from 121.585 yen on Monday.

The euro was little changed against the dollar, rising to

\$1.0894 from \$1.0885.

The pound rose to \$1.6190 from \$1.6080.

The dollar rose to 1.4668 Swiss francs from 1.4631 francs.

INTERNATIONAL FUTURES

Continued from Page 13

lean manufacturing techniques across the industry. "The aerospace industry hasn't until now had that kind of a threat."

The term "lean" is vaguely defined and refers to many techniques. But it generally

focuses on manufacturing things in smaller batches to meet demand, rather than in large quantities. Parts are delivered just as they are needed, and problems are corrected as they occur. The idea is to cut out operations, such as storing parts, that do not directly contribute to the value a company

is providing.

Done correctly, lean manufacturing not only saves time and money directly but also helps a company quickly identify flaws in its overall production process.

Still, what the aerospace industry often calls lean, others would call common sense,

such as preparing kits of necessary tools in advance.

Northrop Grumman Corp. videotaped a mechanic whose job was to apply about 70 feet of tape to the B-2 bomber. The mechanic walked away from the plane 26 times and took three hours to gather the chemicals, hoses, gauges and

other material she needed just to start. When the factory made kits with all the needed parts, the mechanic did not have to leave the plane at all, and the time the job took fell to 1.62 hours from 8.4 hours.

Cutting the time needed to design and manufacture aerospace products could have great economic impact. It now takes so many years to design and build a fighter that the military threat can change in the meantime. Commercial aircraft take so long to build that Boeing has to order parts and materials years in advance. When it reduces its production rate, as happened recently, it and its suppliers are stuck with uneeded material.

How much lean production will save is still open to question. Despite some claimed successes in individual factories, it is difficult to separate any cost savings from those achieved simply because of big industry mergers and layoffs.

But Mr. Womack, who now runs the Lean Enterprise Institute, a nonprofit organization, said most companies were merely "spray painting" lean techniques onto their existing procedures instead of making fundamental changes.

"Whole square miles of factories have to be blown up," he said.

Pratt & Whitney, the engine maker owned by United Technologies Corp., revived itself with such a radical shift, but most executives are not ready for that, said Mr. Womack, who was dismissed as a consultant to Boeing for being, as he put it, "disruptive and obnoxious."

While Boeing would not discuss the reason for Mr. Womack's departure, it said it remained committed to lean manufacturing.

The Toyota system, designed for factories that make hundreds of thousands of cars a year, is not perfectly adaptable to an aerospace factory that might make only a dozen highly complex objects annually.

In aerospace, which generally does not use moving assembly lines, becoming lean means putting jobs that follow in sequence next to one another.

In many aerospace factories, parts move in big batches to various centralized production centers — from metal pressing to heat treating to cleaning and so on. Parts can travel miles, either within a factory or around the country, to different factories. It can take years from the time a part is started until it ends up in a functioning airplane.

"It's the most sclerotic industry out there," he said.

INTEREST RATES

Tuesday, March 9

Government Debt

3-month 4.97 5-month 5.012 7-year 5.007 10-year 5.009

France 2.94 3-month 3.085 7-year 3.233 10-year 3.416

Germany 2.95 3-month 3.078 7-year 3.213 10-year 3.405

Japan 0.055 3-month 0.095 7-year 0.186 10-year 0.257

Spain 3.00 3-month 3.042 7-year 3.241 10-year 3.461

United States 3-month 1.758 3-month 1.947 7-year 2.007 10-year 2.041

Yield 4.47 3-month 4.52 7-year 4.615 10-year 4.651

Source: Bloomberg.

Money Market Rates

United States Today Prev. 1-month 4.75 5-month 5.012 7-year 5.007 10-year 5.009

Brussels 2.90 3-month 3.085 7-year 3.233 10-year 3.416

Paris 2.95 3-month 3.085 7-year 3.233 10-year 3.416

Federal Funds 4.94 3-month 4.994 7-year 5.044 10-year 5.084

London Interbank Offered Rate 4.91 3-month 4.971 7-year 5.024 10-year 5.063

Swiss Franc 4.90 3-month 4.953 7-year 5.004 10-year 5.045

Yield 4.57 3-month 4.75 7-year 4.915 10-year 5.33

Source: Bloomberg.

Labor Rates

United States Today Prev. 1-month 4.75 5-month 5.012

Aerospatiale Profit Falls On Hedging

Copied by Our Staff From Bloomberg

PARIS — Aerospatiale said Tuesday its 1998 profit fell 27 percent as it set money aside to pay for restructuring and to hedge risks on plane contracts and currency swings.

The company also said it would separate its activities into four units beginning April 1, "to allow for the restructuring of the European aerospace and defense industries."

Profit at the French aerospace and defense company fell to 1.04 billion francs (\$172.7 million) from 1.42 billion francs last year. The company took a provision of 1.4 billion francs for its Airbus and turbopropeller activities, 699 million francs for currency risks and 517 million francs for restructuring.

Aerospatiale said that its Airbus activities contributed a loss of 68 million francs in 1998, compared with a profit of 1.13 billion francs the year before.

The company hedged against risks linked to potential defaults by clients. For example, Transportes Aereos Regionais SA of Brazil could have trouble paying for 38 planes worth about \$1.5 billion it ordered last year after the Brazilian currency slumped.

The 2.6 billion francs in charges overshadowed record deliveries of 229 Airbus aircraft worth \$13.3 billion. Aerospatiale owns 37.9 percent of Airbus.

The company said it would create four separate units for its main activities — Airbus planes, turbopropellers built by Avions de Transport Regional, missiles and rocket launchers. (Bloomberg, AFX)

Ahold to Buy Pathmark Stores

Bloomberg News

ZAANDAM, Netherlands — Royal Ahold NV said Tuesday it would expand its U.S. supermarket holdings by purchasing Pathmark Stores Inc. of New Jersey for 1.6 billion euros (\$1.76 billion) including the assumption of debt.

Ahold also reported that fourth-quarter profit rose 36 percent from a year earlier, to 174.7 million euros, bolstered by the purchase last year of Giant Food Inc. of Landover, Maryland. For 1999, it forecast profit growth of between 15 percent and 20 percent, at constant exchange rates.

The Dutch company became the fifth-largest food retailer in the United States after completing the \$2.8 billion purchase of Giant in October. It now gets more than half of its sales from the United States.

This looks like a good acquisition in the Northeastern U.S., where Ahold already has other activities, and the integration will lead to cost benefits," said Patrick Roquas, an analyst at ING Barings. "The question is whether there will be any regulatory problems with the Federal Trade Commission and what the effect of any new shares will be."

Ahold reached an agreement to acquire all the shares outstanding of SMG-II Holdings Corp., a holding company that controls Pathmark through its subsidiary Supermarkets General Holdings Corp.

Ahold will pay about \$250 million for SMG-II's stock and will assume about \$1.5 billion in Pathmark's debt.

Pathmark, with headquarters in Carteret, New Jersey, has

Lawsuit Deal In U.S. Trims BAT's Profit

Bloomberg News

LONDON — British American Tobacco PLC said Tuesday its pretax profit slid 16 percent in 1998, largely because of a legal settlement reached in November by tobacco companies and state governments in the United States.

BAT, the second-largest tobacco company after Philip Morris Cos., also warned that its first-quarter profit would probably be lower than that of the 1998 quarter.

Pretax profit last year fell to £738 million (\$1.19 billion) from £875 million in 1997. BAT said it spent £613 million on costs related to the settlement and that a 41 percent drop in profit from Asia also reduced earnings. Sales slipped to £17.38 billion from £17.83 billion.

"It's clearly going to take a year or two for their earnings growth to get back on track," said Trevor Moss of Robert Fleming Securities.

"The results will dampen enthusiasm in the short term."

The company said in January that it would buy Rothmans International from Cie. Financiere Richemont AG for £4.6 billion in stock.

BAT's stock closed at 557.5 pence, down 15 pence.

Zurich Plans Heftier Charge

Zurich Financial Services AG said it would take a \$2.4 billion charge, \$1 billion more than it forecast in September, to integrate BAT Industries PLC's financial-services unit, Bloomberg reported from Zurich.

But the Socialist group said it may be necessary to supplement this voluntary move with legislation to enforce reasonable pricing.

Investor's Europe

	Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5800	6600	4100	4400
5400	6200	3900	3500
5000	5800	3600	3200
4600	5400	3300	2900
4200	5000	3000	2600
3800	4600	2900	2500
O N D J F M	O N D J F M	O N D J F M	O N D J F M
1998 1999 1998 1998 1998 1999	1998 1999 1998 1999	1998 1999 1998 1999	1998 1999 1998 1999
Exchange: Index	Tuesday Close	Prev. Close	% Change
Amsterdam AEX	522.27	525.52	-0.62
Brussels BEL 20	3,305.39	3,322.45	-0.51
Frankfurt DAX	4,758.46	4,768.69	-0.63
Copenhagen Stock Market	583.44	5.8085	-1.25
Helsinki HEX General	5,378.90	6,334.81	+0.78
Oslo OBX	540.74	542.73	-0.37
London FTSE 100	6,237.70	6,208.80	+0.47
Madrid Stock Exchange	883.22	879.23	+0.45
Milan MIBTEL	24644	24325	+1.31
Paris CAC 40	4,159.88	4,175.97	-0.38
Stockholm SK 16	4,082.20	4,067.12	+0.37
Vienna ATX	1,186.79	1,182.68	-0.35
Zurich SPI	4,581.23	4,540.36	+0.90
Source: Telkurs			

International Herald Tribune

Very briefly:

• European auto sales will fall at least 5 percent this year and as much as 20 percent — or about 3 million cars — next year, the Economist Intelligence Unit predicted. The declines will hit PSA Peugeot Citroen and Renault of France and Fiat SpA of Italy particularly hard, the research group said.

• Porsche AG's first-half net profit rose 68 percent from a year ago, to 60 million euros (\$65.3 million), as sales rose 30 percent, to 1.3 billion euros, and the number of sports cars sold rose 26 percent, to 18,782.

• Bayer AG's 1998 net profit rose 8.8 percent to 3.2 billion Deutsche marks (\$1.78 billion), as sales slipped 100 million DM to 54.9 billion DM amid low prices. The chemicals company plans to buy back as much as 10 percent of its shares.

• Saab Automobile AB said General Motors Corp. would open talks July 31 on buying the 50 percent of the Swedish carmaker it does not yet own. AFP, Bloomberg, AP

Socialists Target High Euro-Zone Fees

By Barry James
International Herald Tribune

BRUSSELS — The powerful Socialist group in the European Parliament on Tuesday demanded legislation to prevent banks from charging excessive amounts to exchange bank notes within the European single-currency zone.

The conversion rates among the 11 countries adopting the euro were irrevocably fixed before the currency was launched on Jan. 1, removing foreign-exchange risks. The separate currencies in effect became units of the euro.

Nevertheless, banks are continuing to charge handling fees in many

cases that are as much as the exchange-rate commissions they charged previously.

The chairwoman of the Parliament's monetary subcommittee, Christa Randrianasolo, said the fees ranged up to 3.75 percent at a leading German bank.

Many banks impose minimum fees and one bank in Luxembourg even charges twice as much for exchanging Italian lire as it does for French francs or Deutsche marks.

In a motion to be debated Wednesday by the Parliament, the Socialists expressed "deep concern" as to the high level of bank charges for conversion transactions between currencies participating in the euro zone, including charges for cross-border payments."

The European Commission, the EU's executive body, recently raided several banks seeking evidence of collusion. The commission says that banks should be able to recover reasonable handling costs, but has attacked far higher fees for cross-border transactions than for those within the same country.

The commission is seeking a code of conduct by the end of next month to ensure transparency of bank charges.

But the Socialist group said it may be necessary to supplement this voluntary move with legislation to enforce reasonable pricing.

WORLD STOCK MARKETS

	High	Low	Close	Prev.	High	Low	Close	Prev.																
Tuesday, March 9																								
Prices in local currencies; In euros for EU countries.				High	Low	Close	Prev.																	
Telekurs				High	Low	Close	Prev.																	
Amsterdam AEX index	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	521.27	
Brussels BEL 20	2,400.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	2,399.00	
London FTSE 100	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	4,758.46	
Paris CAC 40	4,159.88	4,175.97	4,175.97	4,175.97	4,159.88	4,175.97	4,175.97	4,175.97	4,159.88	4,175.97	4,175.97	4,159.88	4,159.88	4,175.97	4,175.97	4,159.88	4,159.88	4,159.88	4,159.88	4,159.88	4,159.88	4,159.88	4,159.88	
Stockholm SK 16	4,082.20	4,067.12	4,067.12	4,067.12	4,082.20	4,067.12	4,067.12	4,067.12	4,082.20	4,067.12	4,067.12	4,082.20	4,082.20	4,067.12	4,067.12	4,082.20	4,082.20	4,082.20	4,082.20	4,082.20	4,082.20	4,082.20	4,082.20	
Taipei Stock Market index	4,467.42	4,457.14	4,457.14	4,457.14	4,467.42	4,457.14	4,457.14	4,457.14	4,467.42	4,457.14	4,457.14	4,467.42	4,467.42	4,457.14	4,457.14	4,467.42	4,467.42	4,467.42	4,467.42	4,467.42	4,467.42	4,467.42	4,467.42	
Shenzhen B shares index	4,447.24	4,439.14	4,439.14	4,439.14	4,447.24	4,439.14	4,439.14	4,439.14	4,447.24	4,439.14														

NYSE

Tuesday's 4 P.M. Close

The 2,300 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press

The Associated Press

Continued on Page

Continued on Page 17

مقدمة من الأصل

NASDAQ

Tuesday's 4 P.M.

The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

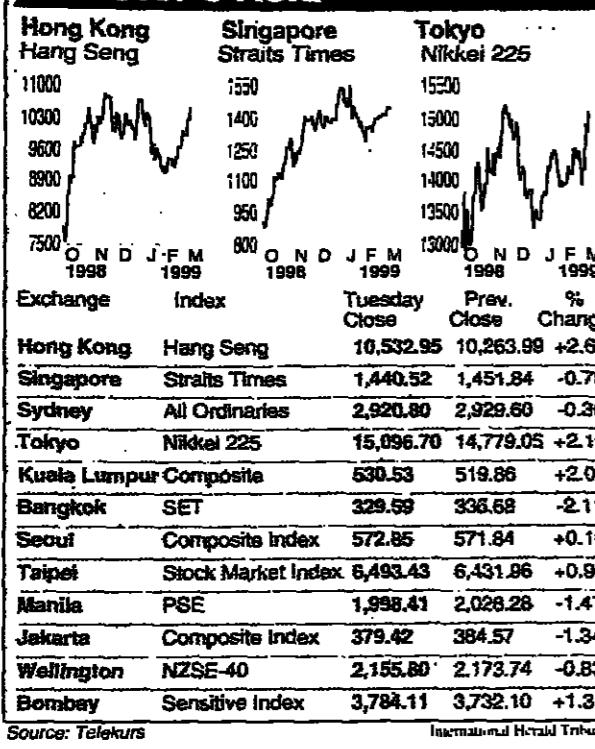
Tuesday's 4 P.M. Close
(Continued)

AMEX

Tuesday's 4 P.M. Close

Tuesday's 4 P.M. Close
The 150 most traded stocks of the day,
up to the closing on Wall Street.

Investor's Asia



Thailand Sets Incentives for Sale of Banks

Bloomberg News

BANGKOK — Thailand said Tuesday that it would subsidize the sale of five state-owned banks and allow investors to bid for all or just the best parts of seized lenders such as Bangkok Metropolitan Bank PCL and Siam City Bank PCL.

The cabinet approved broad measures to make the sale of the banks more attractive, including a plan to allow the central bank to subsidize the banks' performance after they are sold.

The amount of loss the government would absorb would be determined by the winning bids.

Citicorp, General Electric Capital Corp. and Standard Chartered PLC have expressed interest in buying Thailand's banks.

A key condition is that the government cushion the downside of mounting defaults.

"We are offering alternatives" to stimulate interest, said Akrapol Sorasuchart, the chief government spokesman. "The government will choose the best bids based on these alternatives."

The government owns five of the country's 13 commercial banks. It aims to sell three of those — Bangkok, Metro, Siam City and Radhanasorn Bank PCL — by year-end. A majority of Krung Thai Bank PCL and BankThai PCL are earmarked for sale by the end of 2000.

The cabinet approved a plan to allow investors to buy the banks outright, with the central bank sharing losses based on the purchase formula. The government would also share in any gains from unexpected collections.

An alternative would be for the banks to separate their delinquent loans into separate units, or "asset management corporations," which would buy those assets by issuing bonds to the bank. The central bank's Financial Institutions Development Fund would retain ownership of the asset management corporations.

Bill Gates, chairman of Microsoft, said high-tech would provide sig-

China Lifts Dollar-Savings Rate to Stem Outflow

Continued From Page 1

BEIJING — China raised interest rates on U.S. dollar savings Tuesday by almost a percentage point, aiming to stem an outflow of hard currency as international banks cut credit lines amid a string of corporate failures.

The Bank of China, acting on orders of the central bank, raised one-year U.S. dollar deposit rates in Beijing to 4.66 percent from 3.75 percent. It also raised Hong Kong dollar one-year deposit rates to 5.25 percent from 5 percent.

The rate increases "will encourage repatriation of hard-currency earnings by Chinese exporters," said Fred Hu, executive director of Asian Economic Research at Goldman, Sachs & Co. in Hong Kong.

Other Chinese banks typically

follow the lead of the Bank of China.

The new rates, which took effect Tuesday, vary from city to city as well as from bank to bank.

China has cut interest rates five

times since November 1996 to try to stimulate growth and reduce the interest repayments of state-owned companies.

The economy is expected to grow 7 percent this year, its slowest pace since 1990, as the government increases spending and creates a record budget deficit.

Incremental industrial output, the main indicator of factory activity, increased 10.6 percent in the first two months of the year, helped by government efforts to expand domestic demand, the State Statistics Bureau said Tuesday.

He Qiang, an economist at the

Central University of Finance and Economics, said: "The most fundamental factor driving output is that state stimulus measures launched last year have been gradually taking effect."

The interest-rate cut comes amid mounting concern about a decline in direct foreign investment in China. A Trade Ministry official, Ma Yu, said Tuesday that foreign direct investment would drop by about 56 percent from the 1998 official total, to less than \$20 billion.

Mr. Ma, director of the Trade Ministry Research Institute's foreign capital department, attributed the drop in his forecast to the fact that China was currently seeing "the three fewer" — fewer projects under negotiation, fewer awaiting approval and fewer agreed in-

vestments being carried out. The main reason for the decline, he said, was that "countries affected by the Asian financial crisis are bottoming out, and some will see their situation improve."

He added: "This means that more capital will be digested by these countries."

Key sources of past investment such as Taiwan, Hong Kong, South Korea and Japan are too weak to resume injecting capital in volume, he said.

Also Tuesday, the official Liberation Daily quoted an official as saying that China would allow foreign companies to set up joint ventures with private Chinese enterprises this year for the first time, in another effort to spur investment.

(Bloomberg, AFP)

Upbeat Reports For South Korea

Bloomberg News

SEOUL — Business confidence in South Korea has continued to improve, and bank lending has risen for the first time in seven months, reports showed Tuesday, further evidence that the economy may be rebounding from its worst recession in 45 years.

The business survey index, an indicator of corporate expectations, rose to 106 in March from 101 in February, with both domestic demand and exports forecast to pick up, according to the Federation of Korean Industries, a lobbying group for the 30 largest conglomerates.

The rise was the second in a row after 30 consecutive months of decline. An index level above 100 means business conditions are expected to improve.

Bank loans outstanding were 239.5 trillion won (\$193.38 billion) at the end of February, 511.8 billion won more than a month earlier and the first increase since July, the Bank of Korea said.

30-Year Low in Sales Is Forecast for Nissan

Bloomberg News

TOKYO — Nissan Motor Co. is likely to sell fewer cars in Japan in its next financial year than it has in any year since 1970, the Nihon Keizai newspaper said Tuesday.

Sales by the maker of mid-sized Altima sedans and Infiniti luxury vehicles are expected to fall 1.1 percent in the year through March 2000, to 910,000 cars and trucks, 36 percent below its peak of 1.43 million in the 1991 financial year, the paper said, without citing sources.

Japan's weak auto market has

also prompted Nissan to freeze hiring, the report said.

The company is still evaluating the situation, said Masataka Saito, a spokesman, who added that it would release its own sales forecast and hiring plans for the new financial year in May. Nissan has said it expects a group net loss of 30 billion yen (\$247 million) for the current year, widened from a loss of 14 billion yen a year earlier, on sales of 6.4 trillion yen, down 2.5 percent.

Nissan and other Japanese automakers are closing assembly lines

"We used to do business by deciding on a plan and then getting the money for it," Mitsubishi Motors' executive vice president, Fumikazu Yokogawa, said. "Now we find out how much money we have and decide what to do with it."

Microsoft Allies With Hongkong Telecom

Agence France-Presse

HONG KONG — Microsoft Corp. gave a boost to Hong Kong's high-tech aspirations Tuesday by announcing an alliance with Hongkong Telecommunications Ltd. and plans to take part in the region's Cyberport project.

"The Cyberport is important,"

Mr. Gates said while visiting the region, "because it is a signal that there

is a great opportunity for entrepreneurial businesses. It is important for Hong Kong to participate in that."

The partnership with Hongkong Telecom to be known as Zoom, will help deliver Internet services, including electronic mail, movies and software rentals, on Telecom's high-speed network. No financial terms of the deal were disclosed.

March 9, 1999

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March 9, 1999

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WEDNESDAY, MARCH 10, 1999

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WORLD ROUNDUP

Bad Day for NCAA

COLLEGE The NCAA agreed Tuesday to pay \$34.5 million to entry-level coaches who had sued because the governing body of college sports had adopted a rule limiting their pay.

The settlement followed a lengthy court battle that grew out of the National Collegiate Athletic Association's "restricted earnings rule," which was adopted as a cost-cutting move by near-unanimous vote of Division I schools in 1991. The rule capped salaries for assistants in various sports at \$12,000 for the academic year and \$4,000 for the summer. But it was lifted in 1995 after the courts found that it violated antitrust law.

Separately, a federal judge in Philadelphia ruled that the NCAA could not require athletes to achieve a minimum test score in order to be eligible for college sports.

The NCAA had required that freshmen have a minimum score of 820 on the Scholastic Aptitude Test, no matter how high their high school grades were, in order to participate in college sports. District Judge Ronald Buckwalter held that the rule was unfair to blacks. (AP)

Soccer to Try 2 Referees

SOCCER In an effort to improve officiating, FIFA said Tuesday it would experiment with two referees for every match in "top leagues" next season.

Following a meeting of its technical committee in Zurich, the world soccer federation said it would conduct the experiment "in top leagues on all continents over an entire football season." Matches currently have one referee and two linesmen.

Europe's governing body UEFA said earlier this year that it was eager to adopt the idea once FIFA approved it. (Reuters)

The mayor of the Dutch town Zwolle called off Thursday's Dutch Cup match between the second division team and Ajax Amsterdam because of concerns for public safety. Ajax fans had said they would protest in Zwolle after being allocated only 421 tickets in a stadium that holds 6,800. (AP)

Tiger Woods Fires Caddie

GOLF Tiger Woods fired caddie Mike "Fluff" Cowan, ending a two and a half-year partnership. Cowan did not carry Woods's bag twice this year, at the Buick Invitational in San Diego, which Woods won, and at the Match Play Championship two weeks ago. Woods hired Steve Williams, who worked for Raymond Floyd for 12 years, to replace Cowan. (AP)

Wind Stops Cup Races

SKIING The downhill races in the World Cup finals in Sierra Nevada, Spain, were postponed Tuesday because of high winds. (Reuters)

Duke vs. Florida A&M May Be a Bloodbath

Blue Devils Have Mauled Even Good Teams

By Bob Ryan
The Boston Globe Service

BOSTON — I've done the requisite research. The record margin of victory in the NCAA Men's Basketball Tournament is 69 points, Loyola of Chicago abused Tennessee Tech by a 111-42 score en route to winning the championship in 1963.

It's a factoid worth noting, inasmuch as we have an on-paper mismatch of colossal proportions scheduled for Friday in Charlotte. North Carolina, Duke, the No. 1 seed in the East, will play No. 16 Florida A&M. This may be historic, even by I vs. 16 standards.

Duke is, well, Duke. The top-ranked Blue Devils are pulverizing people, and it doesn't seem to matter if they don't have all their players. Shane Battier or no Shane Battier, Trajan Langdon or no Trajan Langdon, Duke trashes everyone.

Florida A&M has two things going for it: a great nickname (Rattlers) and a noted band. Basketball? The Rattlers may have won the Mid-Eastern Athletic Conference Tournament, but they're still, ahem, 12-18.

Want more? Duke is 32-1. The Rattlers have won 32 games in the last three seasons, and 48 in the last six. There isn't much of a hoop thing going on down there in Tallahassee.

But here they are. Bring on the Blue Devils.

The Rattlers lost an exhibition game to a team from basketball-challenged Denmark, for God's sake. Then they went out and lost their first 10 games of the regular season. Injuries reduced coach Mickey Clayton's roster to eight players.

Can't knock their timing, though. They picked a nice time to go on a four-game winning streak, the last three of which constituted the MEAC Tournament. They knocked off Coppin State the first night, took care of Morgan State the next night and disposed of South Carolina State the night after that. Time to break out the finery. For the first time in school history, they're going to the Big Dance.

Florida A&M has given us Bob Hayes, the Olympic sprinter, Althea Gibson, the tennis player, and Vince Coleman, the baseball player. It has that fabulous band. The school's academic prowess earned it College of Year honors last year from Time Magazine.

At Duke, by contrast, Mike Krzyzewski is running the best basketball program in America. The people at Duke want to have a great team, and so Coach K has all the needed resources to build one. If he wants a player, he can go after him, even if, like Langdon, he happens to come from Alaska. Duke may be the ultimate national program.

It's a bit different at A&M. "Mickey Clayton has no secretary," reports John

Nogowski of the Tallahassee Democrat. "He has to take care of all his own correspondence and make all the transportation arrangements for the team. I know for a fact he had to reach into his own pocket this year to help feed the team when meal money fell short."

When Coach K heads to a tournament game, he doesn't have to worry about anything. Clayton isn't so lucky. Consider his trip to the airport for the trip to the MEAC Tournament in Richmond.

"The athletic department bus was late," Clayton explains. "So we got players to take their own cars, trying to make our flight. It's storming and raining, and all of a sudden a guy hits my car, broadside. Totals it."

The coach was O.K., but if that doesn't sum up a year that starts 0-10, what does?

"My players are walking around saying, 'Coach, you O.K.?' It's just been that kind of season," Clayton says. "Everything that could go wrong did go wrong. But we knew that if we hung in there, something positive would come from all this."

Among those positives were 37 points from fiery guard Monroe Pippins against Coppin State and 31 from 6-foot-10-inch center Kevin George against Morgan State. Turney MVP Pippins threw in 22 more in the upset over South Carolina State in the final.

Who could possibly measure what this opportunity to put a team on the floor against Coach K and mighty Duke will mean to Mickey Clayton? The coach is a 1975 A&M grad and the son of an A&M grad. He formerly coached the Rattlers' women's team, and it was a rocky tenure, to say the least. His teams won more than their share, but some of his players objected to what they considered to be Captain Bligh tactics, and there was a player rebellion that ultimately cost him his job.

He stayed on at the university in a nonathletic capacity.

Meanwhile, the men's program was going nowhere, and when a change was needed two years ago, guess who got the call? It's a team of basic nonshooters, but it will pound the glass and it will scrub every minute on defense, costing testing every pass.

The quality of Coach K's mercy may be tested in this one. Duke has been beating up on legitimate teams by an average of more than 25 points all season.

Right now the Rattlers are smiling. There may not be a happier bunch in America.

Things will be different on Friday. They will be standing on the beach, looking at the oncoming tsunami. If you're a God-fearing man, you might say a prayer for the Rattlers in the hopes that Loyola will still hold the record when this one is over.



BAVERN MUNICH CRUISES INTO FINALS — Bayern Munich's Carsten Jancker, left, challenges Rot Weiss Oberhausen's Daniel Scheinhardt for the ball Tuesday night in their German Cup semifinal match in Gelsenkirchen. Bayern Munich, the runaway Bundesliga leader, won, 3-1, and will go to the finals June 12 in Berlin. Jancker, Stefan Effenberg and Thomas Linke scored its three goals.

A Family Affair, but for How Long?

The Paris-Nice Bicycle Race Endures, but 'Big Fish' Are Circling

By Samuel Abt
International Herald Tribune

NEVERS, France — Finally, the gray of winter begins yielding. In the park, crocuses stand in white rows; down the street, forsythia bushes have flared yellow; on the balcony, the withered jade plant puts out green leaves.

Another hint of impending spring was on the road Tuesday, moving at 40 kilometers an hour (25 miles an hour) along the western flank of Burgundy in a stream of rain-soaked jerseys. That was the Paris-Nice bicycle race, which since its origin in 1933 has subtitled itself "The Race to the Sun."

There is always sun in Nice, the organizers of the race say, even when there isn't. Sometimes at the finish of the weeklong race, after so many promises of sun and gaiety on the Côte d'Azur, almost everybody groans at the sight of more pewter skies. Everybody but the organizers. They are less interested in the weather than in the fact that another Paris-Nice race has ended and now it's time to begin working on the next one.

The organizers are mainly members of the Leuilliot family, headed by Josette Leuilliot, who took over the sponsoring organization, Monde Six, in 1982 after the death of her father, Jean Leuilliot, who began the race. There are at least three other Leuilliot in the organization plus people who have married into the family, and all of them hold day jobs, too — Paris-Nice and the three minor one-

day races that Monde Six operates are a pass but not a living for them.

Jacqueline Leuilliot, for example, works in a travel agency and has a clause in her contract that gives her this week off every year to head the press office for Paris-Nice. "I do this because I helped my father when he ran the race," she said, "because my family still runs the race and because I love this race."

Since Paris-Nice cannot entice daily television coverage because it cannot afford to share the costs, she comes around at the finish line to show her notes to waiting reporters.

"So and so, number such and such, has attacked and is being chased by so and so, numbers such and such," she says, reading the information that her sister Josette has phoned from the front of the 1,354-kilometer-long race. Josette Leuilliot is one of the few race directors who, before a daily stage, stroll along the crowd barriers with lists of the starters to distribute to spectators.

But in an increasingly multinational Europe, where even the currency — the euro — will issue someday from one big vague place, there may not be room for an artisanal race such as Paris-Nice. Last year, the Societe du Tour de France let it be known that it was interested in acquiring Paris-Nice and giving the creamy old thing a coat of shellac and modern business techniques, just as it has done for two Belgian races, the Fete Wallonne and Liege-Bastogne-Liege.

Negotiations are continuing, and the

advantages are clear. The Societe du Tour de France has the money and the clout to attract the big teams and the star riders who are skipping this 56th Paris-Nice. Among the teams not here are Telekom, Banesto, Mercatone Uno and ONCE; among the absent riders are nearly everybody in the top 15, including Laurent Jalabert, the French national champion and a participant in the last 10 editions of Paris-Nice and the winner of the race from 1995 through 1997.

His ONCE team is boycotting the race in its continuing protest over police searches for illegal drugs in the last Tour de France, which the team quit.

"Laurent says that between him and Paris-Nice, it's a love affair," Josette Leuilliot has said. "We share that feeling. It's a shame for him. It's a shame that we've gotten to this state."

The Festina Affair, as the drug scandal is known, has cost Paris-Nice some of the sponsorship the race needs to meet its 6 million franc (\$1 million) budget, she admitted. "We've had to tighten our belts." The overall prize list amounts to just under 800,000 francs (121,600 euros), leaving the race far behind its competitors. "Other races are sponsored by newspapers with lots of money," Jacqueline Leuilliot said, "or companies with lots of money. We're still just a family business."

For how much longer? "Big fish swallow small fish," she said. "That's the way life is, and that's the way bicycle racing is. Or is becoming."

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POSTCARD

Realities of Paris

By Craig R. Whitney
New York Times Service

PARIS — Paris always has loomed large in the American imagination: Thomas Jefferson, Henry James, Ernest Hemingway and James Baldwin all fell under its spell.

Myth and countermyth have all illuminated and obscured the historical reality of the city through the centuries, says Patrice Higonnet, a French-born Harvard professor who has devoted a lecture series to the subject this year at the College de France. This prestigious institution has been constructing and deconstructing myths since 1530, and this year one of its vast renovated lecture halls, next to the Sorbonne, has been filling Thursday afternoons with Parisians who come to hear Higonnet explain how the idea of Paris has changed over the years.

Hemingway and his friends in the "lost generation" were truly lost in Paris, he says. They did not speak French and were not interested in the art or culture of the people around them. "For Hemingway and most of his friends, Paris was one long binge, all the more enjoyable because it wasn't very expensive," he said.

Americans may go to Europe to be Americanized, as Ralph Waldo Emerson put it more than a century ago. But Higonnet, whose father was French and his mother French and Hungarian, often comes to Paris to renew his French roots. He was born here 60 years ago but has taught at Harvard since getting his doctorate there in 1964.

The College de France invites some of the finest students of Europe to do research and then share their findings in lectures and seminars that are open to the public.

"Essentially, the audience here is refined people who have an interest in culture," Higonnet said. "but there are also students, and colleagues who are professors. You can't say stupid things, but it's impossible to satisfy everybody in the audience."

Much of what this specialist in 18th-century French history has to say sounds almost new. Think of the Louvre, for example, as the royal palace of French kings and he will remind you that Louis XIV, the greatest of them all, could not tolerate Paris and did not consider it the French capital at all. For the Sun King, that was the vast palace he built in Versailles, from which he ventured forth to Paris only 24 times in 44 years.

Think of Paris as Nore Dame, and his lectures tell you that the Enlightenment considered Medieval Paris filthy and barbaric, and the Cathedral a monstrosity. Desecrated by the Revolution, Nore Dame de Paris nearly fell to ruins before Victor Hugo took up its cause and helped to save it in the late 19th century — as the centerpiece of a new myth, "le vieux Paris."

That myth took root only after the Second Empire Perfect Baron Georges Eugene Haussmann pierced wide boulevards through the Quartier Latin and other crowded, ancient neighborhoods to create the Paris that so many people so love today.

Higonnet's latest book, "Goodness Beyond Virtue," is about the Jacobin movement during the Revolution, and after his last lecture April 15, he said, he planned to write another book about the Revolution. But, shattering the myth that all the French are natural-born chefs, he said, "I'm going to cooking school as soon as this is over."

PEOPLE

THE singer Faith Hill led the nominees for Academy of Country Music Awards with six nominations, including one for the duet "Just to Hear You Say That You Love Me" with her husband, Tim McGraw. Garth Brooks, Brooks & Dunn and Steve Wariner received four nominations each. Brooks, McGraw, George Strait, Shania Twain and Brooks & Dunn are vying for the coveted entertainer of the year award. The awards will be presented May 5 on a CBS broadcast from Universal City, California.

George Jones, critically injured in a traffic accident, has made good improvement and may soon be able to breathe without a ventilator. "He still has a life-threatening injury, but everyone is encouraged by how well he has done since his accident," said a spokesman for Vanderbilt University Medical Center in Nashville, Tennessee. The 67-year-old country music legend is still in critical condition, however. Jones smashed his sport-utility vehicle into a bridge near his

home over the weekend. He was talking on his cell phone at the time and wasn't wearing a seat belt, the authorities said.

A judge has ordered Los Angeles Magazine to pay Dustin Hoffman \$270,000 in legal fees, part of what the actor spent suing the publication. A fed-

eral judge in Los Angeles ruled that Hoffman should be compensated for the cost of filing a suit against the magazine, which ran a computer-generated photo of him in a dress and high heels. Hoffman's attorney, Charles Shepherd, had asked for \$415,000 but said he was pleased with the ruling. In January, the judge ordered the magazine to pay Hoffman

\$1.5 million in compensatory damages and \$1.5 million in punitive damages.

Awards by National Book Critics Circle

New York Times Service

NEW YORK — "We Wish To Inform You That Tomorrow We Will Be Killed With Our Families," Philip Gourevitch's account of the 1994 massacres in Rwanda, has been named the best nonfiction book of last year by the National Book Critics Circle.

The winner in fiction was Alice Munro's "The Love of a Good Woman," a collection of eight short stories, and the winner in biography was "A Beautiful Mind" by Sylvia Nasar. It is a biography of John Forbes Nash Jr., a mathematical genius who laid the foundations for modern game theory that influenced mathematics, economics and eventually Cold War strategic thinking about nuclear weapons.

The award for poetry was given to Marie Ponsot's "The Bird Catcher," and the award for criticism went to Gary Giddins's "Visions of Jazz: The First Century."

Bringing to Life a 5-Year-Old Malcontent

By Jesse McKinley
New York Times Service

NEW YORK — In a Broadway season packed with Electra, the Lomans and other gloomy characters, the true master of existential angst just may be a 5-year-old cartoon malcontent by the name of Sally Brown.

"I was jumping rope, everything seemed fine," says Sally, in a matinée dry deadpan. "And suddenly, it all seemed so futile."

The actress responsible for Sally's delectable depression is Kristin Chenoweth, a diminutive 28-year-old who has been receiving some of the season's best reviews as Charlie Brown's kid sister in the revival of "You're a Good Man, Charlie Brown," playing at the Ambassador Theatre on Broadway.

One of the reviewers, Ben Brantley of The New York Times, said that Chenoweth was giving "one of those break-out performances that send careers skyward." John Simon, the theater critic for New York magazine, called her performance "perfection."

All of which, Chenoweth said, took her by surprise. "The word shock, an understatement," she said of the aftermath of opening night. "I got a phone call at about 3 that morning from a friend in California, and he was screaming, 'You haven't read the reviews? I said, 'No.' He said, 'You need to read them.'"

Since then, Chenoweth has been sought after by casting directors, film studio executives and Broadway producers.

The reviews and subsequent at-

tempts have made her happy, but Chenoweth said her initial reaction was mixed because the musical received less positive notices than she did. "It really could have been horrendous to be singled out," she said. "I just didn't want anyone else to hurt."

But her collaborators on the show say Chenoweth's appeal in the role was evident even before it came to Broadway, when it was on

a tryout run in four cities. "We were on the bus in Skokie, and she was flooring all of us," said Michael Mayer, the musical's director.

"It was so clear to everyone that she was going to be a major player."

A player is probably not the first

thing that would come to mind

when meeting Chenoweth. Just under five feet tall, she has blue eyes, blonde hair and a smile that could charm a pit bull. "I sort of view this job like a playground for me," she said. "I just play."

An Oklahoma native with vestiges of a Southern accent, Chenoweth has had a life colored by a wide spectrum of all-American experiences, from her early dreams of being a Nashville music star to a stint as a beauty queen contestant.

Her favorite leisure activity is shopping, she said, preferably in malls. Her first serious boyfriend was a professional baseball player.

"I think he thought this was going to be a hobby," she said of her theater career.

She delicately sidesteps the trapings of young adulthood. She doesn't especially like fancy restaurants, she said, preferring fast food. "I like places where the food's ready when you walk in," she said.

Her dressing room holds an ar-

ray of high kitsch, ranging from a set of Sally Christmas lights to a small futon adorned with Barbie sheets, a gift from her cast mate, B.D. Wong, who plays Linus.

This all might make her easy to pigeonhole as a Kewpie doll, except that her colleagues also point to an enormous talent and uncanny comic timing.

"There is so much more than meets the eye," Wong said. "I think because of the way she looks, people think A, she's dumb and B, she doesn't know what she's doing up there. But it's not a coincidence what's happening up there. She's a smart, smart performer."

Chenoweth's New York debut came in early 1997 as a tear-prone princess in Moliere's "Scapin,"



Kristin Chenoweth signing autographs outside the theater.

with Bill Irwin at the Roundabout's Laura Peil Theater. Several critics said her comic timing, a talent she said she developed partly because of Irwin.

"Bill Irwin kind of taught me how to act," she said. "I'd had acting classes, but the main teaching came through that experience."

In 1998 Mayer cast Chenoweth in "Charlie Brown," but not as Sally. The character didn't exist in the original version of the musical; Chenoweth was to play Peppermint Patty. But the more Mayer looked at Chenoweth, she said, the more he wanted to do something new.

So Mayer, with the blessing of Charles M. Schulz, the creator of the "Peanuts" comic strip on

which the musical is based, discarded Patty and brought the character of Sally to the stage by culling

dialogue from hundreds of Schulz's strips. He had Chenoweth in mind, and she was an easy fit.

"Kristin's got this comic ruthlessness," he said, adding: "She's just one of those performers who'll stop at nothing to make it work."

Chenoweth's first taste of performance came singing as a child in her hometown church in Broken Arrow, Oklahoma, a Tulsa suburb. Raised as a Southern Baptist, she still attends church regularly.

She said her parents, "a chemical engineer and a domestic goddess," were surprised by her early talents. "I came from a family of intellectual beings," she said.

"And then there's me."

Her childhood idols were female vocalists, ranging from Judy Garland and Julie Andrews to Dolly Parton and the gospel singer Sandi

Patti. At around age 7, Chenoweth began recording her songs, thoughts and observations on a portable tape recorder. She still has the tapes and they sound remarkably like Sally.

"My mom, she's a gripe," said a young Kristin on one tape. "I never heard so much gripe." The other side of the tape has a young Chenoweth performing a make-believe show called "Fun With My Flute." In high school, Chenoweth pursued a singing career and very nearly ran off to Nashville to do so, when her father insisted she go to college. She enrolled in Oklahoma City University, a private college with a large dance and musical theater program.

Soon, she began to study opera, deepening and strengthening a voice that was rapidly approaching a four-octave range. She also began studying acting and doing summer stock theater.

After finishing her undergraduate degree, Chenoweth earned a master's degree in opera performance at Oklahoma City in 1995. She was accepted by the Academy of Vocal Arts in Philadelphia for further training. But before beginning classes, she went to New York to help a friend move in.

There, two weeks before the term was to begin, Chenoweth decided on a whim to audition for a role in the Marx Brothers' "Animal Crackers" in New Jersey. Once again, she was surprised by the reaction. "I just decided to do it to see how I would do," she said. "And then I got it."

To her parents' dismay, she took the part and abandoned her opera aspirations. The role led to other jobs in regional theater and, eventually, to Broadway.

And from there? Since being anointed as a star in the making, Chenoweth said she has been approached about acting in several television shows and films and is interested in that direction.

But not for now.

"It's only every so often you get to play a part like this," she said. "I'm kind of enjoying playing a grump."



SETTING OFF — David Hempelman-Adams starting his attempt Tuesday at an unsupported, solo walk from Eureka, Alaska, to the North Pole.



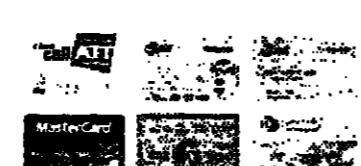
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